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# Men Who Are Making the West





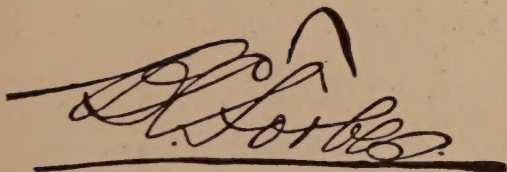




B. C. FORBES

# MEN WHO ARE MAKING THE WEST

BY

A large, stylized handwritten signature, likely of B. C. Forbes, is written in dark ink. The signature is fluid and cursive, with a prominent 'B' and 'F'. It is underlined with a thick, dark horizontal line.

Editor, *Forbes Magazine*

Author, "Men Who Are Making America,"  
"Keys to Success," "Forbes Epigrams," "Finance,  
Business and the Business of Life."



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*To*  
GORDON



## WHY THIS BOOK

**T**HE last century has belonged to the Eastern half of the country.

Will the coming century belong to the West?

The introduction to this book, written by the veteran Robert Dollar, sketches the West of some half-a-century ago, the West of to-day, and the West as it promises to be half-a-century from now. Read it.

The trend of civilization and population is westward, ever westward, with a tendency to creep northward.

New York has had and is having its day. Chicago, of the Middle-West, has been coming vigorously to the front during the last forty years. To-day the cities of the Pacific Coast, notably Los Angeles, San Francisco, Oakland and Seattle, are rising rapidly in population and in industrial and commercial importance.

An undue percentage of printers' ink has been devoted heretofore to proclaiming the greatness of the East and the East's business and financial giants.



This volume represents a feeble, but earnest and sincere, effort to tell the rest of the country something about the West and, more particularly, something about a number of men who have played a conspicuously important part in the development of the West.

The achievements of the men here described rank with the achievements of the foremost leaders in the East.

Indeed, most of these character-sketches are invested with picturesqueness seldom matched by the careers of men of affairs in the longer-settled parts of the continent.

You find, too, in nearly all these men certain qualities not usually found in equal measure among the Napoleons of Finance and the Marshals of Industry of our Eastern metropolitan cities.

The typical Western leader has an open-heartedness, a warmth, a friendliness, a cheeriness, a charming democracy of manner not equalled by the ultra-busy men of large affairs farther East.

The whole atmosphere in the West is different. Even the busiest of men there contrive to find time for cordiality, for courtesy, for hospitality.

The air seems less charged with the spirit of competition, of catch-as-catch-can.

The aura of these Western stalwarts does not

suggest money-making and nothing but money-making.

They convey the impression of having time to live as rational human beings.

In the Summer of 1922 and again in 1923 it was my privilege to spend some time in the West and to travel along the Pacific Coast, all the way from Northern Washington to Southern California, learning something of how that part of the country makes its living and seeing something of its people.

"Judging from your writings, you will be shortly moving out to the West to live," was a greeting I frequently received from Eastern friends.

I simply wrote as I felt. I simply described facts as I found them. I simply pictured the people of the West as I saw and analyzed them.

While it is not feasible for me to pull up my roots and transplant myself, I have no hesitation in recommending the West, and more especially, the Pacific Coast, to ambitious, energetic, enterprising young men seeking Opportunity.

The West is young.

The West is not overcrowded.

The West's resources have only begun to be developed.

The right stamp of able-bodied and industrious young man could cast his lot at almost any point of the 1,500-mile Pacific Highway stretching from

the Canadian border to Mexico and find inviting scope for brains or brawn or capital, or all three.

Illustration after illustration is given in this book of how the summits of success have been scaled by men who began with nothing but what they possessed inside their skins.

Even so, the list is lamentably inadequate. Had time and opportunity permitted I would have sought to include many other Western leaders, such men, for example, as O. M. Clark of Portland; Everett G. Griggs, George S. Long and Henry Rhodes of Tacoma; Banker D. W. Tuohy of Spokane; Judge Burke, D. E. Frederick, H. C. Henry, D. E. Skinner, William Pigot, Frank Waterhouse and others of Seattle; R. A. Long of Longview; as well as a large number of the foremost men of affairs in San Francisco, Oakland, Los Angeles and other places on the Pacific Coast, to say nothing of more representatives from such states as Montana, Idaho, Nevada, Wyoming, Utah, Colorado and Arizona.

At some future time I hope to be able to cover the whole field more adequately.

The success won by the men whose life-stories are here briefly sketched is calculated to appeal not only to forward-looking go-getters, but will, I hope and believe, do something to stimulate Eastern financiers to turn their attention to the many



lucrative fields offered by the West for the investment of capital.

“What man has done, man can do.”

If the men here written about have been able to accomplish what they have accomplished with little or no initial financial resources, what could not be achieved by keen-visioned capitalists able to command managerial brains of the highest caliber?

Is it not significant that a rapidly-increasing number of great corporations located in the East are now building branch plants on the Pacific Coast?

The cost of distribution by rail has become so serious a problem that the day is passing when it will be feasible to ship goods in large quantities a thousand or fifteen hundred miles by rail in competition with goods produced very much nearer these markets, markets which are now growing at a rate never before witnessed.

The West, notably the Pacific Coast, has certain unique economic advantages.

Half the remaining timber lands of the United States are in the Pacific Northwest, and as the South's forests disappear, the development of the lumber industry will attain a scale in Washington and Oregon far beyond anything heretofore experienced.

The dairy lands in the Northern half of the Pa-

cific Coast are not excelled by the finest to be found in the Middle-West.

California lately has been astounding the world by the extent of her oil resources.

The fruit production along the Pacific Slope has already attained gigantic proportions and is destined to expand immeasurably in future.

The hydro-electric industry is more advanced on the Pacific Coast than anywhere else in America, affording power in unlimited quantities at the lowest rates in the land.

California's climate and other attractions are drawing to the State tens of thousands, even hundreds of thousands, of highly desirable residents and tourists, while Seattle can claim the enviable distinction of being the healthiest city in America.

The equable climate of most of the Pacific Coast cities also offers potent advantages to many forms of industry, notably those industries whose products are affected by extremes of heat or cold.

The harbor facilities of the principal Pacific Coast cities are either already of the most modern type or are being intelligently improved and expanded.

Lastly, the Pacific Coast can look forward with confidence to the coming development on an unimagined scale of trade and commerce with the teeming Orient, with that potentially rich but thus

far red-tape-bound, empire, Alaska, and with Siberia, destined in time to take an important place in the commerce of the world.

All progress, all development, all wealth, let it never be forgotten, springs from human effort.

Is it not fitting, therefore, that in this volume chief attention has been paid to men and their work, rather than to endless columns of statistics?

After all, human beings are more interesting than anything else in the world.

B. C. FORBES

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# THE PACIFIC COAST YESTERDAY, TO-DAY, TO-MORROW

BY ROBERT DOLLAR

**T**O understand the great transition that has taken place on the Pacific Coast and Ocean we must first look back a short eighty years. At that time the only white persons living in what are now the States of California, Oregon and Washington were the few adventurous Indian traders.

San Francisco was the first village of any importance; seventy-five years ago it consisted of a few small houses. In 1848 gold was discovered. The rush of gold-seekers brought only the strong, the determined, the adventurous, and through the survival of the fittest was laid the foundation of this great Pacific Coast. At that time the farthest Western settlement was on the shores of the Mississippi River. To cross the then unknown plains, infested by hostile Indians, certainly required courage.

Many came by way of Panama, walking from the Atlantic side across the Isthmus. They took their chance of getting a ship to San Francisco, and so unhealthy were the conditions that many died

before they could get passage on the Pacific. Here again was enacted the age-old drama of the survival of the fittest.

I mention this to show the stamp of pioneers who brought about the great and rapid development of these Pacific Coast States, for in 1880 California had a population of only 864,694, and what is now the great seaport of Seattle had only 3,523, the first building having been erected there in 1851. The port of Vancouver, British Columbia, had not a house in 1880; it is now a city of 220,000.

Gold mining gave San Francisco its great start and enabled the city to run far ahead of all others in population. No mining other than for gold was done up to 1880.

Because of the open, rich, fertile lands in the vast valleys of California, farming had the best opportunity in that State. These lands had a great natural advantage over the timbered lands of Oregon and Washington, which took arduous labor to clear before crops could be produced. Here, again, in Oregon and Washington we find the strongest and best pioneers, for any man who settled in that wild country was of the determined, strong stock that was ultimately to make great States of this unsettled country, as evidenced by the fine farms we now see all over these States.

The Central Pacific had completed its line into

California ten years before 1880. It was not like the railroad of to-day. Sleeping cars were few and far between, and the dining cars had not been thought of. However, poor though it was, it was an immense improvement over all other means of communication and was destined to be the means of developing the future prosperity of the State. Oregon and Washington were not so fortunate, for while the Northern Pacific and Great Northern were building, they had not yet reached the seaboard. The great Canadian Pacific Railway was not completed to Port Moody until 1886, and it was some time after that before it reached its present terminus at Vancouver, B. C.

It is not strange that up to this time — 1880 — our communication with the rest of the world was very limited. There was practically no surplus produced to sell and the wants of the pioneers were limited. They were not so extravagant in their ideas as the people of to-day. We can get a better idea of the meagre commerce on the Pacific Ocean at that time if we recall that it was only in 1853 that Commodore Perry entered the Port of Uraga and actually forced the Japanese Government to open the ports of Hakodate and Shinoda to the commerce of the world.

*Before this no trading of any kind was carried on with Japan.*

Think of it, only seventy short years ago! I happened to be in Hakodate the day they were celebrating the fiftieth anniversary of the opening of the port. They had a reproduction in canvas of a small yacht presented to the Mikado by Queen Victoria. It bore an inscription that thirty years ago this yacht was Japan's entire steam fleet. Turning round, we could see the great battleship fleet of Japan lying at anchor in the harbor — a fleet which in a few months was destined to destroy the Russian fleet. This made a vivid impression on me of the tremendous evolution that was taking place on the Pacific, especially in Japan.

The first steamer to cross the Pacific was the old Pacific Mail side-wheeler "Colorado," which sailed from San Francisco for China on the first day of January, 1857. She was followed by three other similar ships. They had a carrying capacity of about 2,500 tons each, but for years they did not get enough freight either way to fill them. Those were the only steamers in the trans-Pacific trade at that time.

It was not until 1887 that the first Canadian Pacific chartered steamer arrived from the Orient at Port Moody, British Columbia, with 4,000 tons of tea; and five years later, in 1892, the Northern Pacific Steamship Company inaugurated a service from China to Puget Sound with the steamer

"Phra Nang." The first trans-Pacific steamer to enter the Columbia River, loading at Portland, was the British "Bothwell Castle," in 1882.

Los Angeles first entered foreign commerce when in 1902 the Dollar steamer "Arab," with a part cargo of ties from Hokkaido and general merchandise from China, arrived. Dollar steamers were also the first to open up commerce to China from Grays Harbor, Willapa, and Coos Bay, the "Bessie Dollar" having sailed from Grays Harbor to Taku Bar in 1907, the "Robert Dollar" from Willapa in 1914, and the "Bessie Dollar" from Coos Bay in 1910.

I have tried to convey briefly and in a general way what the conditions were on this coast up to about forty years ago.

Now, what are the conditions to-day?  
Population compares as follows:

	1880	1920
State of California . . . . .	864,694	3,426,861
Los Angeles . . . . .	11,183	576,673
San Francisco . . . . .	233,959	506,676
State of Oregon . . . . .	174,768	783,389
Portland . . . . .	11,577	258,288
State of Washington . . . . .	75,116	1,356,624
Seattle . . . . .	3,533	315,312
Tacoma . . . . .	1,098	96,965
Greater Vancouver, B. C.	Nil	* 220,000

\* 1922

These figures in themselves show the tremendous growth that has taken place.

The commercial expansion that has developed in the short space of eight years may be illustrated by citing that the imports and exports of the Pacific Coast to the Philippine Islands, Japan, China, Straits Settlements and Dutch East Indies were \$129,740,382 in 1913 and \$199,207,142 in 1921, an increase of 51% in eight years.

Commerce could not be carried on without ships. The shipowner is the great drummer of trade, and the lack of shipowners in the foreign trade is a serious drawback to this Coast, although the domestic shipping is well taken care of by our own shipowners, since no foreign ships are permitted to engage in coastwise business. In the foreign trade on the Pacific Ocean the American shipowner is down and out. It has not been for want of enterprise nor because no one tried hard enough. The old Pacific Mail struggled along for the last thirteen years of its existence without paying a dividend, until finally the LaFollette Bill (Seamen's Bill) in 1915 put them completely out of business. The same fate befell James J. Hill's steamers. The Boston Towboat Company's fine fleet of new steamers had to be sold, and the fleet of the China Mail has also gone by the board.

The Shipping Board at present (1923) is operat-



ing all the American steamers on this ocean except two privately-owned American steamers of the Dollar Line. These are all that is left in this great Oriental trade. The rest of the business is carried on by British and Japanese vessels.

The change that has been made in the size of ships almost passes comprehension. One hundred years ago the largest sailing ships were about 600 tons. Twenty years ago the steamer that carried 5,000 tons of cargo was considered big. To-day cargo steamers for long voyages are considered too small unless they are over 10,000 tons, and apparently they are to be larger still.

Farming has so developed that now there are many millions of acres under cultivation by as happy and prosperous a lot of farmers as can be found in any country. Fruit growing has increased so rapidly that the Pacific Coast is now one of the great fruit-producing parts of the world. Each district specializes in a certain fruit, lemons, oranges, grapes, raisins, figs, prunes, etc., etc.

The reserve lumber supply of the United States is now on this coast, and the business has developed to enormous proportions. The cut of 1922 was valued at \$225,000,000. The question is often asked, "Are we not depleting the forests too rapidly?" I think we are, inasmuch as practically no effort has been made either by the State or Fed-

eral Government to re-forest. This is a grave mistake and should receive immediate attention, or future generations will suffer for this neglect. The present method of logging leaves the land a desolate waste as far as trees or vegetation is concerned.

Our standing timber of all kinds is by far the largest and best in the world. This is especially true of spruce, which is plentiful in the States of Oregon and Washington. California has great quantities of sugar pine of a quality that cannot be found in any other part of the world and equal to the old white pine of Michigan; it has also the giant redwoods, which certainly stand first as to size and quality, but the Douglas fir is first in quantity.

The production of copper, gold, coal and other minerals is being developed on a large scale.

The development of the oil industry in California has been the wonder of the world. California has no coal, and the lack of fuel was a serious handicap to its industries. Oil has now been found in the very places where fuel was most expensive. This to a great extent accounts for the tremendous prosperity and development of Los Angeles and Southern California.

Water power has been developed to a phenomenal extent all over the coast. The ranges of mountains running parallel to the coast and from

one hundred to three hundred miles back from the ocean have many large streams fed by snow, and these yield abundant power from which electricity has been developed on a colossal scale, putting cheap power within the reach of all. This, of course, has greatly increased the wealth of the Pacific Coast.

San Francisco has a landlocked bay large enough to accommodate all the navies of the world and has the best equipped and most up-to-date wharves and railroad facilities of any harbor in the world. There are miles of wharves, and the belt railroad, with its switches, is fifty-four miles long.

Los Angeles in 1880 could accommodate only two ocean-going vessels of light draft. To-day her harbor is crowded beyond its capacity and many steamers have to wait their turn to berth. As fast as possible the harbor is being enlarged and there is no limit to its ultimate development.

Seattle harbor has been enlarged so that they can advantageously take care of their large trade without delay to any ships.

The Columbia River has been so improved and developed that the largest steamers can now go out and in with the greatest safety, and Portland is certainly destined to become one of the largest seaports on the Coast.

Vancouver has increased its facilities very much,

but at times cannot take care of the great rush of vessels that frequent the harbor.

It gives some idea of the progress that is being made when the harbor in the extreme north and the other in the south are crowded beyond their capacity.

We can get a good view of the growth of commerce on the Pacific by glancing over the figures showing entrances and clearances in net registered tons. These show an increase of over 12,000,000 tons in the forty years, or 636%. This would be equal to over 24,000,000 tons of cargo.

	1880		1921	
	<i>Entrances</i>	<i>Clearances</i>	<i>Entrances</i>	<i>Clearances</i>
	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>
Los Angeles . . . .	Nil		607,892	633,215
San Francisco .	704,054	777,595	1,248,417	1,335,712
Portland . . . . .	Nil		595,516	879,201
Seattle . . . . .	Nil		1,246,884	1,363,386
Vancouver . . . .	Nil		1,085,174	1,085,174
Others ports ..	220,660	258,640	2,168,728	2,193,546
Total . . . .	924,714	1,036,235	6,952,611	7,490,234

He would be a wise man who could tell, even approximately, what the expansion of the commerce on the Pacific Ocean will be fifty years hence. China, with over 400,000,000 population, holds the greatest promise. The country has been

torn by civil wars for the last ten years, and it is most difficult to forecast what the future has in store. Strong efforts are being made to develop American commerce in China. Passenger steamers flying the American flag can be seen on the Yangtze River 1,600 miles from the ocean. Those steamers operate under great difficulties, often being fired on as they pass up and down through the gorges.

What a future is in store for that one Province of Szechuen which, according to the last census, has 75,000,000 people and is practically without communication with the outside world. This same condition exists in several other provinces. As far as foreign trade goes the surface has not been scratched.

China is only one country. What of Japan, the Philippines, Straits Settlements, Java, India and all the Islands of the South Pacific?

When we think of the development that is sure to take place we are lost in wonder and amazement.

Comparing the Pacific imports and exports of 1913 with those of 1921, we see an increase in these eight years of 51%. If we apply the same ratio of increase for the next fifty years, the result is a volume of commerce as great as the commerce of the Atlantic is to-day. We are quite safe in predicting that long before the end of half-a-century the ratio of increase will be much greater

than the 51% in these eight years and that the commerce of the Pacific will be greater than that of the Atlantic.

The possibilities of trade on the Pacific can be better understood when we stop to think that the entrances and clearances of Hongkong and Shanghai for last year were 49,466,403 net tons. This is much more than the great port of New York, whose tonnage was 31,561,983 for 1921.

The Panama Canal has been the means of increasing transportation beyond our most sanguine expectations. It is very clear that a record volume of freight will pass through the canal during 1923. More than 75% of this freight will be intercoastal. Before the canal was built only a few ships were engaged in the trade around Cape Horn or through the Straits of Magellan. If the rate of increase of the past two years is kept up, in less than twenty years we will require another canal through Nicaragua. Look at these figures:

	1914	1921	1923
	Tons	Tons	Tons
Suez Canal	19,409,495	18,118,999	
Panama . . .	Nil	11,415,876	* 25,450,476

\* Based on first seven months.

When we consider the commerce that will go to and from the Atlantic and Pacific, we get an idea of the enormous commerce of the next fifty



years on the Pacific. It is as sure to equal, if not exceed, the trade of the Atlantic as if it were already an accomplished fact. The center of the world's commerce then will surely be on the Pacific Ocean.

This being true, can you imagine the future of these Pacific Coast States?

The farsighted statesmanship of the late President Harding insures us this tremendous increase. He saw that war with Japan was threatening, and he called the nations together at Washington, where the four-Power treaty was concluded. This treaty has put war on the Pacific Ocean far into the future, and President Harding's name will go down to posterity as the greatest benefactor the people living on the shores of this great ocean have ever known. To Japan's credit be it said, she has done more than she agreed to do in the way of evacuating parts of China and releasing her stranglehold on that unfortunate country.

The progress of farming in the next fifty years will depend on the increase of population. If settlers can be induced to come, the products of the soil will be multiplied many, many times.

In mining, the surface has only been scratched. Colossal expansion is certain.

Cheap electrical power will be a potent factor in the future development of the manufacturing facilities of the Coast.

Ships must be had to move all the commerce predicted in the foregoing. The tonnage required will be many times that of our present fleet. Since, in the past twenty years, the average steamer in the trans-Pacific trade has increased from 5,000 tons deadweight to over 10,000, with some as large as 16,000 tons, what size they may be in fifty years no man can guess.

From the foregoing figures, the only conclusion that can be drawn is that San Francisco will be nearly as large as New York, with Los Angeles a keen competitor for this honor. Seattle will not be far behind.

The population of the three Pacific Coast States, California, Oregon and Washington, will be so great that I would not venture even to guess what the mammoth total may reach half-a-century hence.

So, thinking back fifty years and viewing the progress made up to the present, and using the same ratio of increase, it is completely beyond my powers to comprehend or express what will take place in the future.

No doubt many will think I am too optimistic, but I am quite sure I fail completely to grasp what is in store for this wonderful Pacific Coast.

Robert Dollar

## HERBERT FLEISHHACKER

PRESIDENT, THE ANGLO & LONDON PARIS  
NATIONAL BANK OF SAN FRANCISCO.

**I** WASN'T in San Francisco five minutes when I was asked, "Have you met Herbert Fleishhacker?"

I was asked the same question at least ten times during my first forenoon in the city.

Although I had known for years that Herbert Fleishhacker was the foremost and most forceful banker in the city, a sleepless upbuilder of a multiplicity of Pacific Coast enterprises, and the man relied upon by the American government for advice concerning affairs in the Far West, I couldn't quite understand all this eagerness that I should meet him forthwith. His name was fired at me not only by business leaders, but by one or two humble citizens I led into conversation about who was who in San Francisco. Herbert Fleishhacker, apparently, was the city's prize exhibit!

When you hear endless talk about some one, it makes you feel disposed to dislike the person, doesn't it? I flattered myself that I had seen



HERBERT FLEISHHACKER



more of America's business and financial heavyweights than the San Francisco natives, and I was inclined to smile indulgently at their enthusiasm over one of their citizens.

The instant I met Herbert Fleishhacker, however, I understood.

His democratic charm of manner, his genuine smile, his sincere cordiality, his whole personality, immediately reminded me of the most captivating business leader we have in the East, Charles M. Schwab. Neither Fleishhacker nor Schwab could be accused of being an Adonis; but each has in superlative degree that which James M. Barrie in one of his delightful plays declares is the one and only quality a woman needs to possess: charm.

Almost my first greeting to Mr. Fleishhacker was, "Does everybody tell you how much you look like the pictures of Napoleon?" He modestly parried the question — but, later, his wife confided to me that the resemblance was commented upon by many.

Some men accumulate millions by playing the business game ruthlessly, mercilessly, selfishly, caring little how many enemies they make, how many innocent toes they tread on, how many opponents they crush. They are completely self-centered. They are wholly mercenary. Their actuating, dominating, overwhelming motive is



self-aggrandizement. They are out to win and they are troubled by no qualms of conscience as to how many others may lose thereby. Their sole concern is for Number One.

Other men — and, happily, their number is increasing — find joy in playing the game in a less selfish spirit, on a more humane basis, on a higher level and a broader plane.

My investigations into the whyfor of Herbert Fleishhacker's popularity among all classes revealed that he doesn't think solely of self, that he doesn't sit in state in the presidential office of his bank and cold-bloodedly decree that without abundant collateral there shall be no credit to anyone.

A man who is now one of the Pacific Coast's most successful business leaders told me that at one stage his financial fate depended upon whether Herbert Fleishhacker took a strictly banking attitude toward his affairs or went beyond that and incurred what appeared to be considerable risk in order to avert disaster. He added that the man in Mr. Fleishhacker triumphed over the banker. From less exalted sources I learned of various little incidents illustrative of his readiness to lend a helping hand out of his own pocket when the conditions did not warrant banking assistance.

Although Herbert Fleishhacker now has vast

interests in such diverse fields as banking, hydro-electric power, paper, steel, lumber, sugar, mining, real estate, insurance, he wasn't born of rich parents, and it may be that his own early struggles to gain a foothold on the ladder made him feel sympathetic and friendly towards others in none too affluent circumstances. Indeed, when I asked him bluntly, "How have you done it?" he replied.

"I gained my most valuable experiences as a drummer on the road for seven years, from the time I was seventeen until I reached twenty-four. The biggest thing I then learned was the necessity for stick-to-itiveness — combining it, always, with courtesy and cheerfulness. They simply couldn't discourage me. If they kicked me out at the front door, I returned, smiling, at the back door. I called on some prospects regularly for three or four years before I finally landed them.

"I believed in my line, my goods; and I believed in myself. I simply wouldn't take rebuffs. What were meant to be rebuffs weren't rebuffs to me at all. I went back again just as cheerfully and confidently and persistently as before. When I knew that I could supply a man with goods he needed, and supply him at the right price, I felt that it was just as much in his interest to see me as it was in my interest to see him. So, if he

couldn't realize this right away, why should I give up? "

Then he added, " I don't believe in giving up easily."

Herbert Fleishhacker has the biggest banking business, conducted under one roof, in the West. He has developed this banking oak from an acorn.

And the joke is that he took up banking at the earnest persuasion of his family so that he would have a nice, easy life, with little or nothing to do save enjoy the leisure and the dignity of a " gentleman banker "!

But let us start at the beginning of the story.

Aaron Fleishhacker owned a modest paper and paper box factory in San Francisco. Herbert left school when only fourteen and started work with his father. After a spell in the office he was put into the factory to learn all he could about how paper and paper boxes were manufactured. It wasn't exactly a kid-glove job. Herbert, however, was a stocky, husky youth and wasn't afraid of either hard work or dirty work. When the father died, the task of running the business and supporting the mother and four sisters devolved upon Mortimer (the elder son) and Herbert.

The seventeen-year-old Herbert went out to find business to keep the factory going, while the more experienced Mortimer managed the plant.

The young drummer not only kept opening — and re-opening — the doors of “prospects,” but he kept his eyes wide open, as subsequent events were to prove. Selling paper and paper boxes for a small concern against the competition of more powerful rivals wasn’t a sinecure. The youth quickly learned that in addition to knowing his wares, he must study human nature. The well-being of his family depended in no small measure upon the fruits of his efforts. In other words, it was of urgent moment that he book enough business to keep both factory and family going.

This very necessity for getting results spurred him to supreme efforts. He addressed himself earnestly to analyzing the temperament, the character, the viewpoint of each possible customer. He quickly realized that courtesy had to be supplemented by tact. He early reached the conclusion that in order to induce others to become interested in him or his goods, he must become sincerely interested in them and their problems. He found that to make sales he must make friends.

Also, experience taught him that most people had enough troubles of their own and that they were more ready to see and talk with a person who was cheerful and good-humored than one who wore a doleful countenance and looked upon the sad side of things. Above all, it was driven into

him that he must never let discouragements discourage him, that he must take cuffs smilingly, that he must maintain unconquerable enthusiasm at any cost.

Orders increased with the increase of experience. Meanwhile, Mortimer was managing the factory with very pronounced ability. Expansion followed expansion. The small business they had inherited was developing into a business of considerable size.

Then came a turning-point in Fleishhacker's life. His route as a salesman took him into Oregon. One day he heard that a large tract of lumber land could be purchased at a low figure from the Southern Pacific Railroad. The enterprising young San Franciscan scented an opportunity to clean up some money. After making investigations, he organized a syndicate, purchased about 30,000 acres of excellent Oregon timber land, and the deal netted the Fleishhacker brothers a profit of \$300,000.

This masterly stroke fired his ambition. Also, it furnished him with what seemed to him an enormous amount of capital. Instead of continuing as a drummer, he determined to become an entrepreneur. He had imagination enough and vision enough to grasp that the virgin resources of the Pacific Coast contained limitless opportunities for those capable of taking wise advantage of them.

The Fleishhackers next organized the Crown Pulp & Paper Company in Oregon City in order to get into the paper manufacturing business on a large scale, and it is significant that this enterprise has since become, under the name of the Crown Willamette Paper Company, the second largest business of its kind in the United States, being exceeded only by the International Paper Company.

The organization of quite an ambitious paper mill nearer home, at Floriston, California, followed.

While looking around for the best location for this plant — which later was merged with the Crown Willamette Paper Company — the possibilities of electric power development caught the Fleishhackers' imagination. And this led to another important turning-point in their activities and fortune.

They discovered that the Truckee River to the east, near Nevada, had quite a fall of water, which suggested the feasibility of generating a profitable amount of electric current. Further investigation brought out that it was because of the lack of power that the Comstock Mines had closed down after having yielded enormous fortunes to Fair, Flood, Mackay, O'Brien and other Bonanza kings. With energy and enterprise and daring now be-



coming characteristic of them, the Fleishhackers harnessed the waters of the Truckee River and, among other things, supplied power to revive mining operations at Comstock.

That first pioneer excursion into the hydro-electric field led to other and much vaster projects which were destined to add enormously to the wealth, not only of the Fleishhackers, but also of the Pacific Coast. The mammoth hydro-electric enterprises for which California is now noted did not then exist — that was about the end of last century.

The City Electric Company was formed in San Francisco, and became the nucleus of the Great Western Power Company, one of the Big Four in California to-day. Herbert Fleishhacker is still vice-president of the Great Western and his brother is at its head, as president. The Northwestern Electric Company of Portland was another very successful venture. Other hydro-electric sites, pulp forests, lumber lands, and a variety of other interests were acquired in Oregon, Washington, and all over the Northwest.

These multifarious and multiplying enterprises were not brought into being without strain upon Herbert Fleishhacker's vitality. The day-and-night activities entailed by the disastrous fire of 1906 increased inordinately his burdens. His

wife, as well as her family and his own family, alarmed by his impaired health, prevailed upon him to consent to curtail his tasks and to turn to a less arduous mode of life. His father-in-law, Sigmund Greenebaum, was head of the London, Paris & American Bank, and it was arranged by the family that Herbert should succeed him. The institution had only about \$4,000,000 deposits, and the understanding was that Herbert should become a "gentleman banker," enjoying a leisurely, dignified life. Everybody was delighted with the arrangement.

But it miscarried badly!

"No sooner did I get into the banking business," Mr. Fleishhacker recently narrated to me, "than I contracted just as keen ambition to do big things in it as I had in the industrial world. I started in with all my energy to develop the institution."

"With what result?" I asked.

"Oh," he replied, offhandedly, "from being the smallest, we became the largest single commercial bank doing business in San Francisco proper. Within three years after taking hold of the bank, we bought (in 1909) the Anglo-California Bank and combined them into one institution, under the name of the Anglo & London Paris National Bank. By 1910 this institution, of which I was president,

had deposits of between \$75,000,000 and \$80,000,000. Four years later my brother and I organized the Anglo-California Trust Company, of which he is president and I am vice-president, and its deposits are around \$40,000,000."

Even these gigantic banking achievements did not prevent the Fleishhackers from continuing their industrial, utility, and mercantile exploits on a large and diversified scale. For example, Herbert organized and became president of the Central California Traction Company, with his brother as vice-president; they developed the Great Western Electro-Chemical Company, about thirty miles up the bay, to manufacture heavy chemicals, thus utilizing available surplus power; they became heavily interested in Philippine sugar properties, including the Calamba Sugar Estate and the Pangasinan Sugar Mills, and developed extensive imports of sugar into California. Lumber, insurance, realty enterprises also came under the purview of the Fleishhackers.

When I was in Salt Lake City in 1922, I learned that Herbert Fleishhacker was a member of a syndicate behind an ambitious project for launching an iron and steel manufacturing industry in Utah, an enterprise involving millions of dollars and necessitating the building of forty or fifty miles of new railroad facilities. This infant in-

dustry, incorporated under the name of Columbia Steel Corporation, is regarded by the people of Utah as rich in promise.

I gathered, too, during my investigations in California that Mr. Fleishhacker is now interested in the possibilities of iron and steel activities on the Pacific Coast, particularly as water transportation routes for both raw and finished materials are so much lower than railway freight rates.

"Their hand," says one local newspaper, commenting upon the Fleishhackers' dynamic career, "is in practically every recent big business venture from Seattle to Los Angeles, from the Rockies to the Philippines."

You will have noticed how intimately interwoven are the interests and enterprises of the two brothers. In organization after organization Herbert is president and Mortimer vice-president, and in just as many other instances Mortimer is president and Herbert vice-president. Hebrew family loyalty is traditional; but there are few illustrations comparable with the loyalty and co-operation exhibited by the Fleishhackers.

During the last decade Herbert has devoted much of his attention to the financial field, while Mortimer has taken a large hand in the management, the administration, the actual running of business enterprises. They make a unique team.

They can hold their own with anyone, from the astute financial leaders of the Wall Street district down.

This fact has, indeed, been rather amusingly perpetuated by the incorporation into the language of the West of the term "Fleishhacker" used in the game of dominoes. The "two-three" is the only domino an opponent cannot add on to and make a count. In the clubs, instead of referring to it as a "two-three," they call it a "Fleishhacker."

In other words, the Fleishhackers have abundantly demonstrated that they are nobody's fools, that they are not asleep, that no one can score off them.

When I asked Mr. Fleishhacker to tell me something of his philosophy of life, he poked me in the shoulder and laughingly retaliated: "You're the philosopher of this party. I'm a business man."

While I did not succeed in getting him to orate learnedly or lengthily, I did succeed in the course of an evening's conversation in dragging out of him an illuminating sentence every now and again, and in what follows I tried to piece together these sentences in a way designed to give you a correct and clear picture of Mr. Fleishhacker's mind on various phases of human life of interest to us all.

"Courtesy is not only one of the most beautiful

graces of life, but it is highly essential in making a real success of one's life," he said. "It is thoroughly understood by every employee in our bank that any word or act of discourtesy towards a patron warrants instant dismissal. In my earlier days I noticed that many fellows working in banks adopted a tone and demeanor which showed that they thought themselves superior to the people who came into the bank.

"I often said to myself, if I ever attained any position of importance I would be absolutely a crank on the subject of being kind and considerate towards others, especially towards young men trying to make headway in the world. I was cuffed about so much by men in positions of authority that ever since I began to fill jobs carrying some influence and power, I have striven most earnestly to exhibit the utmost courtesy to those not occupying high station in life. In fact, I am more punctilious to show every courtesy to poor people than to the rich. I have never allowed myself to forget that a kind word from a man above you makes a pleasing impression and tends to make the hurdling of stiles a little easier.

"The late J. P. Morgan hit the nail squarely on the head when he said that a banker must do business on confidence. I must have implicit confidence in a man's integrity and ability before I care to have business relations with him. It is



not merely enough that a man apply himself industriously to his business; he must demonstrate that his word is as good as his bond. Also, his character and his mode of living must be clean. His whole life must be such as to inspire faith in his honor and integrity.

“In order to take hold of big projects and carry them through to success, a man must be of an optimistic cast of mind. I don’t mean that he should be in the primer class, taking everything for granted and looking only on the sunny side of things. He must dig down into the stern facts of every proposition and not shut his eyes to difficulties or possible snags. But his whole outlook upon life must be optimistic, cheerful; he must think well of mankind as a whole and have a deep-rooted faith that, as the poet said, ‘the very stars in their course’ are on the side of those who are trying to accomplish worthwhile purposes in life.

“Concentration upon only one problem or proposition at a time is essential. Few men, I think, have big enough brains to handle half-a-dozen different and difficult problems at the same time. It is necessary to take up only one thing and devote yourself intensely to mastering it and getting it working smoothly before turning to something else demanding the best that is in you.

“You know, it takes a terrific amount of power

to start a heavy train moving, but after it is running along at good speed, less power is needed.

"It is the same way with business enterprises. They usually call for an enormous amount of thinking and planning and effort to organize and get them going; but, after that, the job of keeping them going can be largely turned over to other hands.

"Sound judgment? Why, yes, it pretty much all gets down to a question of sound judgment, and sound judgment is merely another name for common sense. While judgment can in a sense be cultivated by thorough study and mature experience, still I rather believe it is largely intuitive, that some men are born with a larger measure of it than other men."

Again and again Mr. Fleishhacker, during our long conversation, harked back to what impressed me as being at the very core of his code; namely, this sentiment: *A man should put himself out not to hurt his fellowmen's feelings.*

Another quality which Mr. Fleishhacker referred to oftener than once was tact. He has a generous stock of it himself. Let me give you a sample.

The late Edwin Hawley, who at one time was talked of as a possible "second Harriman," was negotiating a very large deal with the Fleishhackers. After sessions lasting almost continu-

ously for a whole week, there was only \$100,000 dividing them. Hawley would not give in. Neither would Herbert Fleishhacker. An agreement seemed hopeless. Fleishhacker, however, was eager to consummate the deal.

He had noticed that Hawley always wore a magnificent five-carat ruby stickpin. He deduced that the railway magnate was very proud of this unique piece of jewelry. Just as the tension was reaching the breaking-point, Fleishhacker braced himself up, leaned over towards Hawley, thumped the table, and said: "Mr. Hawley, I'm going to make you one more, final proposition. You can either reject or accept it. If you don't want to accept, I'm going home. It is this: My wife is very fond of jewelry. If you will go out and match that pin of yours and throw it into the bargain, I'll pay you your extra \$100,000."

Hawley raised his eyebrows, looked very stern, and replied, in a solemn, admonitory tone, "Young man, I have been trying to match this ruby for the last three years, without success."

The little by-play, however, immediately relieved the tension, and Hawley, remarking something about Fleishhacker's "nerve," said he would accept the offered price — namely, minus the \$100,000.

Having so many heavy financial and business burdens on his shoulders, you might assume that

Herbert Fleishhacker must always be seriously-minded and too busy to relax during business hours. Any such assumption, however, would be wrong, as the following true incident will show:

President Kingsbury, of the Standard Oil Company of California, and one or two of his and Fleishhacker's friends, stalked into the bank after lunch one day and told the president they had come to cart him off to the golf course. He explained that he was so busy on urgent matters that it would be impossible for him to join them. They started to jolly him and to tell him that they would make it too hot for him to stay and work. One of them started to clear one side of his desk by pushing off every paper on it, and letting them fall on the floor, while another performed the same operation on the other half of the desk. Then they started to pull away the papers Fleishhacker was perusing.

At that, he jumped up, seized a niblick from a golf bag he always keeps in one corner of his office, and started chasing them. They made a bolt through his door into the main floor of the bank, and as President Fleishhacker dashed after them, he ran full tilt into a lady who at this awkward moment stepped into the bank.

I have often noticed that nearly all of the men who have done the biggest things in this country

have retained a lot of the boy in them. Fleishhacker has.

Learning that one of his closest friends is Paul Shoup, head of the Southern Pacific's important oil and other interests, I asked Mr. Shoup to tell in a few sentences some of the qualifications and characteristics responsible for Mr. Fleishhacker's conspicuous success as a man and as a financial and business leader. Mr. Shoup said:

"Herbert Fleishhacker is possessed of a tremendous personal energy that is a good deal like an inexhaustible mountain stream, never captive, never ceasing, and overcoming obstacles in a most winning and conclusive way without any undue disturbance or friction. His chief interest in life is in humanity. He understands figures and men equally well. He works out his problems with the latter rather than with the former. No one I have met is his equal in readiness in making both acquaintances and friends.

"His personality is one that commands remembrance. His personal qualities make for enduring friendships. His energy gives him a great radius of activity. The result is that he has a legion of friends throughout the country.

"His judgment of men goes amiss so rarely as hardly to be measured.

"He has kept something of the heart of a boy through all his busy life, and his humor and good

nature are spontaneous and unaffected. His democracy in acquaintance includes everybody that comes within reach of his smile; in a hotel in just about twenty-four hours he will know the entire force from bell boys to manager and be on good terms with them all.

“He gets a great deal more out of men than he does out of books, because he is more interested in the former; but books, when they interest him, he absorbs rather than reads, and he has an amazing knowledge of current affairs.

“Altogether he is a man of high ideals, with a great desire to do good, and of extraordinary versatility and constructive power.”

For several years Fleishhacker was the Western representative on the Advisory Council of the Federal Reserve Board, and he is repeatedly called to Washington by the Administration for information and advice.

One of his hobbies has been the development of municipal and public parks, and this interest led him to accept the presidency of San Francisco's Park Commission, an office imposing no light levy upon his time.

Perhaps Mr. Fleishhacker's special interest in young people is partly due to the fact that the Fleishhacker household includes, in addition to Mrs. Fleishhacker, three children, a daughter and two sons.



## JOHN B. MILLER

PRESIDENT, THE SOUTHERN CALIFORNIA EDISON  
COMPANY.

**M**ANY ways lead to the top. Some men have entered new industries, founded a concern, and then devoted their life to making it the biggest and foremost in its line. Ford did that. So did George Eastman. So did John H. Patterson. So did Frick. So did Julius Rosenwald. So did Cyrus H. McCormick. So did Edison. So did Carnegie. So did Alexander Graham Bell. So did Borden. So did Woolworth.

Others, foreseeing the economic trend towards bigness, applied themselves to bringing together various companies in the same industry and developing their consolidated concern into an organization of great magnitude and financial success. Rockefeller did that. So did Morgan and Schwab and Gary in the case of the United States Steel Corporation. So did Daniel Guggenheim. So did William H. Nichols. So did James B. Duke. So did John D. Ryan. So did Henry L. Doherty. So did E. T. Bedford. So did William M. Wood. So did C. A. Coffin. So did Samuel Colt.



JOHN B. MILLER



This latter method was chosen by John B. Miller, creator and still the head of the Southern California Edison Company, an enterprise to-day employing \$150,000,000 capital and fully 10,000 workers, an enterprise having almost 60,000 stockholders, an enterprise supplying some 310 cities and towns with electric power and light, an enterprise now vigorously harnessing the lakes and streams of the Sierra Nevada Mountains by the greatest network of tunnels and other development work ever attempted by man, development work which, when completed, will furnish 1,500,000 horsepower, an amount not matched by any other hydro-electric company in the world, and which will entail an expenditure greater than the cost of building the Panama Canal.

I spent two days climbing and examining the upper reaches of this company's gigantic wrestling with the wild forces of Nature to tame them for the service of mankind, visiting a region so altitudinal that no trees nor even shrubs could live and where the only means of transportation possible during the winter months was by Alaskan wolf dog team, to say nothing of other regions so inaccessible that, for months on end, the thousand construction workers are completely walled off, by snow, from the rest of humankind. I visited the most ambitious tunnel ever cut by human hand, a

15-feet-square hole which is being blasted through thirteen and a half miles of solid rock, to tap a mountain lake at a height of over 7,300 feet and lead its snow-supplied waters down to cities and farms and fruit groves, to turn the wheels of industry and fructify the soil.

The scene in the interior of the mountain suggested a battlefield. Men stripped to the waist were pressing electrically-driven boring-bits into the face of the rock, causing a noise that was deafening; electric torches were moved hither and thither to fight the intense darkness; other men were busily loading the crushed rock on to mine cars; toots and whistles came from approaching or departing electric trucks, running on rails; powerful electric shovels were groaning and shrieking as they scooped up the debris; and at intervals everybody and everything was withdrawn to a safe distance while tons of dynamite were exploded with a deadened roar. That sound meant that the great hole had been pushed forward a few more feet into the heart of the mountain. It marked that much progress towards bringing down, for the benefit of civilization, acres of water gone to waste ever since the Sierra's mountain-lakes were shaped and formed ages ago.

Perhaps it will help you to grasp the magnitude of these operations when you learn that here is

used the greatest quantity of powder used anywhere in the world.

Like a good many other men, however, John B. Miller tasted failure before he experienced success.

The first road he set foot on, he discovered, was not the one to lead him to the summits of achievement. He had to retrace his steps and set out along another path.

Once on the right road, he stuck to it, stuck to it tenaciously through both rough and smooth roadway. Indeed, the going for years was hard, uphill, discouraging. But he toiled on. His five outstanding characteristics have been and are:

*Foresight; sound judgment; courage; persuasiveness; tenacity.*

Most men indulge in dreams of what they would accomplish if only they could command capital. What very often distinguishes the man who wins notable success from the mediocrity is the ability of the one and the lack of ability on the part of the other to raise the capital needed to transform dreams into impressive realities. Miller early in his career encountered this fateful hurdle. It wasn't a case of simply taking a hop and a skip and then leaping over it. The hurdle wasn't to be negotiated quite so easily as that. The scaling of it, as a matter of fact, called for the exercise of all his persuasion, all his faith and courage, all his



stick-to-itiveness. Bankers were just as loath to hand over money to Miller in those days as they are loath to hand it over to newcomers in these days.

How Miller finally solved this problem is illuminating and may prove encouraging to others.

But first let us lead him up to this hurdle, so to speak.

John Barnes Miller was fitted by heredity, by blood, for the task of blasting his way through rock-ribbed mountains. His forebears had carved their way from Pennsylvania to the then inhospitable shores of Lake Huron, at a time when parts of the journey had to be blazed by axe and saw. His grandfather used his axe to such purpose that, on reaching Port Huron, he first became a lumberman and then added banking to his operations. His father took up the family business, branched into the coaling of boats, and prospered creditably. John, who was born on October 23, 1869, went from the local school to Ann Arbor High School and on graduating proceeded to the University of Michigan. His intention was to become a lawyer. The last thing he wanted to become was a banker. While a sophomore he was called home because of a breakdown in his father's health.

This, however, did not stop his determination or his effort to become a lawyer. As soon as family

affairs permitted, he arranged to enter their family lawyer's office, at an agreed-upon salary of one dollar a week for the first year, two dollars a week for the second year, and three dollars a week for the third year. But he discovered that he was doing a porter out of a job; his duties consisted mainly of cleaning the office in the morning before the others arrived and doing more chores during the day and after the office force left at night. He learned more about brooms than he did about briefs. He was given no legal instruction whatsoever.

How he extricated himself from this unpromising position is worth narrating. He found that far more attention was paid to winning cases than to collecting the fees therefor. The unpaid bills amounted to what he regarded as a shocking sum — over \$30,000. Young Miller told the head of the firm that he believed he could collect nearly all of this money. He was told, with a smile, to go ahead and try. He tried. And he did. In due course he was rewarded by being made chief clerk.

This experience, however, attracted him to business, especially as nothing was being done to give him real legal training. So, when twenty-three, he decided to strike out for himself in business. Equipped with a few thousand dollars left him by his grandfather, he headed for Louisiana and, in

partnership with another young man, bought a cotton plantation. They had figured out very easily — on paper — how they could make money. Alas, the paper figures refused to take material form. In two years the capital was wiped out and Miller returned home. Although cleaned out, he didn't feel at all down and out.

He had visited California one winter while the lakes at home were frozen and there were no boats to be fueled. What he saw and heard there made a deep impression on his mind and on his imagination. California's soil struck him as being unusually rich in potentialities. Its climate was ideal. Its industries were only in their infancy. There was room for great increase in population. Above all, he caught a vision of the possibilities of harnessing the melting snows of the Sierras as they tumbled down the mountain-sides in streams and rivers.

California's development, he reasoned, had been handicapped through lack of coal. Here were the elements and the conditions which would largely take the place of coal if properly utilized. Although much less was heard of hydro-electric power in those days than has been heard since, young Miller foresaw dazzling possibilities. To California he would go.

To California he went.

The California of that day, 1896, was very different from the California of to-day. Los Angeles, instead of having a population nearing the million mark, was a community of only 75,000. Other places in Southern California, although now populous, were then quite small. Capital was very scarce. No outside investors cared in those days to entrust their savings to any project in this remote part of the continent. Trade and industry moved along unspectacularly.

Not an inspiring situation, was it, for an ambitious young man eager to do big things in the world?

Jack Miller, however, didn't see merely what he could see with his eyes. He saw with his mind. He had a vision of what *could* be. Let him tell in his own words how he tackled the task of transforming the vision into actualities.

"I saw very clearly," Mr. Miller recently told me, "that in Los Angeles, Pasadena, Redlands and many other small places there was scope for and need for construction work to enable them to go ahead industrially, agriculturally, commercially, and socially. Each little community had its own little public utility plant. Not one of these plants was capable of supplying any considerable amount of power for any important new industry which might want to locate there.

“ Even more awkward, when homes were built a block or two away from the existing poles and wires, no service as a rule could be furnished, for the reason that most of these tiny companies hadn’t enough money to extend their facilities. Worse still, electric light was supplied only during certain hours. At Pasadena, for example, the current was available only between five and eleven in the evening. Promptly at eleven all lights went out. Any one who was holding a party or celebration and didn’t want to shoo the guests away before eleven had to go to the company’s office and make a little deal to get light an hour or two longer!

“ Practically all these little companies were struggling along from-hand-to-mouth. They were not big enough to attract any outside capital whatsoever. And at that time there was precious little available capital in Southern California. Such capital as there was usually was absorbed by mercantile interests and by real estate speculators.

“ I felt that if a lot of these small light and power companies could be knitted together there would be a better chance of raising the capital to furnish the greatly improved and enlarged facilities which the country badly needed to enable it to forge ahead at the rate I was sure it was

capable of progressing. I sincerely believed that if the many difficulties could be overcome there was opportunity for doing something valuable for California, as well as financially profitable for myself and others who should become associated with the work.

“Before long I succeeded in interesting William R. Staats, an investment banker of Pasadena; Harry H. Sinclair, and Henry Fisher, who had developed water power at Redlands; and one or two other substantial business men. I reached this stage by having first become associated with a little concern in Los Angeles, the West Side Lighting Company, controlled by Mr. Staats, and Walter S. Wright. I took a job there as treasurer, at \$100 a month, but was soon made vice-president and general manager. You can well understand that I utilized very diligently this opportunity to become familiar with the practical workings of light and power plants. This position gave me a chance to nose into every phase of the business—it wasn’t then quite as complicated as it is to-day,” Mr. Miller added, with a smile.

“What I aspired to do, however, called for salesmanship more than for anything else. First of all, I had to sell to the owners of the different small utility companies the idea of the advantages of amalgamation. I found that some of them



couldn't quite picture in their imagination the wonderful vision I had. I found them rather cold, and it took a lot of warm—not to say hot—enthusiasm on my part to warm them up to the proposition. But I had all the faith and all the zeal of a crusader. I believed ardently in what I had made up my mind I was going to accomplish.”

“How did things go?” I asked.

“In five years I had lined up thirty small corporations all over Southern California.”

“How did you raise the capital?” I next asked.

“Ah, that was the hardest nut of all to crack. During the first few years I had to wring small sums out of bankers here, there, and everywhere within the territory. Those who had any money weren't given to putting it into a business which, they complained, was so subject to the whims of local politicians, local municipal authorities. My path at this stage was just one hurdle after another. It wasn't until 1901 that I finally succeeded in interesting outside capital.”

Mr Miller laughed. I wanted to know why.

“I'll never forget an experience I had the day this first outside capital, a bond issue, was signed up.

“I had sweated for months trying to induce Eastern banking interests to put out bonds for us.

First they were stone cold. They pointed out that we did not control the field, that competition was keen, that we might find ourselves thwarted in obtaining enough water power sites to make possible the wonderful developments portrayed by me. Finally, however, N. W. Harris & Company and E. H. Rollins & Sons agreed to investigate our proposition. Well, they did! They sent experts, they sent engineers, they sent accountants. They dug into everything. I had to spend most of my time answering their questions and furnishing them with every conceivable variety of information.

“The negotiations dragged and dragged until I almost despaired of getting the money. The strain on me was so great that I was about ready to wilt. One Saturday morning while I was in San Francisco a friend telephoned inviting me to attend the Bohemian Club ‘Jinks.’ I told him that I was booked up for another of those interminable sessions with the New York banker fellows, and that I couldn’t, therefore, go, much as I felt like relaxing.

“Quite unexpectedly, the negotiations reached a head that day and the papers were all signed.

“I immediately telephoned my friend and said I surely would be glad to show up at the ‘Jinks.’ I went. But I hadn’t been in the club’s theatre

half an hour — the first act was still on — when a page handed me a card, which read:

RICHARD B. YOUNG

Vice-President

E. H. Rollins & Co.

*I would like to ask you just one question.*

“A sinking feeling came over me. One more question! When I entered that theatre that night I was probably the happiest man in the audience. The one great weight on my mind had suddenly fallen off. From the happiest, I became the most miserable fellow in the place. Was the deal going to be reopened and thrashed out all over again? The very thought made me sick — literally, sick. ‘Shoo him off,’ my friend advised. But I told the page to tell Mr. Young I would see him at the intermission.

“As soon as I appeared, Mr. Young greeted me in a very serious manner and asked me to go downstairs where he could talk with me. I could hardly drag my feet down the steps. He piloted me into a barroom. I hadn’t touched the chair before I asked him, ‘Well, what’s the question?’

“‘The question is,’ he replied, ‘What will you have?’”

Things have changed since those days. This year (1923) Miller's Company is spending \$27,500,000 on expansions and improvements. The amount of that first memorable loan was to be \$5,000,000. Mr. Miller figured that this sum would meet all requirements for ten or fifteen years. The bankers, however, advised him to get enough while he was at it, and Mr. Miller, not without hesitation, agreed to a \$10,000,000 authorization, on the understanding that only \$5,000,000 would then be issued.

"Instead of \$5,000,000 lasting us ten or fifteen years," recalls Mr. Miller, "we used up the whole \$10,000,000 in five years."

From that day to this the story has been one of phenomenal growth. Merger followed merger until something like fifty companies were finally brought together under control of the Southern California Edison Company, this corporate name having been selected in 1909 in preference to the Edison Electric Company, the previous title. Although not at all of the bulldog, driving, task-master type, Miller got big things done quickly then, as he still does.

For example, his was the first company to install three-phase transmission, from Mill Creek to Redlands, in 1893, at 10,000 volts; the first to install 150,000-volt transmission, from Big Creek to Los

Angeles, in 1913. It constructed an 800-foot-head turbine at its Kern River plant, in 1921. And it was the first to achieve 220,000-volt transmission—from Big Creek to Los Angeles, in 1923.

In 1920 the company launched upon the most daring, the most colossal, the most costly construction project of its kind ever undertaken in the history of the world. It is known as the “Big Creek Project” and is still under construction in the Sierra Nevada Mountains, in the eastern portion of Fresno County, California. When completed, about 1935, this vast enterprise will provide works capable of generating 1,400,000 horsepower of electrical energy—sufficient to supply commercial light and power to several cities of the present size of Los Angeles.

Most of the water now originating from melting snows on the peaks of the Sierras goes to waste in the run-off season. All the flood water now impounded by the company and the additional water hereafter to be impounded will be stored during the flood season and later run through the power houses for the purpose of generating electrical energy, after which it will be returned, undiminished in quantity, into the San Joaquin River and flow down into the San Joaquin Valley for the use of irrigators during the hot, dry summer months.

An official statement, accompanying an elaborate sketch of the territory, says: "Vermillion Lake and Blaney Lake, after the dams are constructed, will impound large volumes of water. These waters will be conducted into Florence Lake. From Florence Lake to Huntington Lake, a distance of  $13\frac{1}{2}$  miles, a tunnel  $15 \times 15$  feet is now being drilled. This tunnel will be completed in 1926. From Huntington Lake, by means of tunnels and penstocks, the water begins passing down through a chain of power houses. Another tunnel will take some water from Huntington Lake to drop it through two power houses into Shaver Lake, where it will again be stored, and later conducted through the main chain of power houses.

"Aside from the locks, the main feature of constructing the Panama Canal was the excavation by steam shovels of thirty miles of open ditch. The cost of the canal was \$360,000,000. The Southern California Edison Company's 'Big Creek Project,' in its entirety, necessitates the drilling of nearly 84 miles of tunnels, practically all of which is through solid granite, besides the erection of a chain of power houses with generating capacities ranging from 76,000 to 300,000 horsepower. The total cost is estimated at \$375,000,000. Over 4,500 men are employed in tunnel, power house and other construction, over a distance of thirty miles.



“ Every cubic foot of water per second that passes out of Huntington Lake and finally issues into the San Joaquin River from the last of the chain of power houses to be constructed, will mean 500 horsepower of electrical energy (the equivalent of the working power of 5,000 men), to swell the mighty flood of power required to convert the desert into gardens; to make the plains fruitful; to light the abodes of millions; to bring to the housewife, no matter how humble her home, all the labor-saving conveniences evolved by the science and skill of inventors in the electrical field; to turn millions of wheels of industry in modern factories; to propel our street cars, and eventually to electrify our railroads; to provide employment for our present and future population, and to add to the convenience and comfort of modern life.”

There is romance and there has been tragedy, in this work of empire-building. One winter day four men in the snow-bound camp, 10,000 feet or more in the Sierras, unwisely attempted to break through to civilization. Three returned half frozen and the fourth perished. More cheerful is it to read that these isolated workmen now keep in close touch with the world by means of the radio, that they even publish their own newspapers, and that at Christmas one of the workmen enjoyed the thrill of hearing his own two children sing a Christmas

carol in Los Angeles. Plenty of entertainment is provided for the thousand men hibernating at camp, and they are also well stocked with books and other reading matter.

In the East too many of our utility magnates have, unhappily, failed to gain the esteem, to say nothing of the affection, of the public. In California it is different. I found that such notable leaders as Wigginton E. Creed, Mortimer Fleishacker, R. H. Ballard and John B. Miller are among the most highly-regarded citizens of the state. All classes speak, in a friendly tone, of "Jack" Miller. Wealth hasn't hardened, hasn't frozen him. He knows how to mix. He is a noted sportsman. Then, no "native son" could be more enthusiastic, more confident over California's future expansion and prosperity. The citizens recognize, too, that Miller has done more than almost any other man to bring about the state's expansion and prosperity.

"From the start," Mr. Miller recently told me, "I had a larger view of Southern California than merely a health and pleasure resort. My conception of it was that it could be made one of the great industrial and commercial as well as agricultural centers in the United States. Here was available all raw materials except coal. And to take the place of coal it had an untold amount of fuel oil

and water power. It was capable of supporting a dense population under extremely pleasant as well as profitable working conditions. Workmen could be sure of having 330 or 340 good days each year. Then, the equable climate possessed special advantages for carrying on certain industries affected by extremes of heat and cold. Also, we here are nearest to the greatest mass of people on the face of the earth, a people destined to develop into the world's greatest market some day — the Orient.

“My reasoning of these early days has been fulfilled. In fact, Southern California has developed far faster than I had pictured in my most optimistic moments. This is especially true of the hydro-electric industry. And the development of it has played quite a part in furthering the development of other industries and agriculture; also, of course, local transportation.”

When I sounded Mr. Miller on his process of reasoning, on how he formulates his judgment as to what should be done, how it should be done, and when it should be done, he did not strike a Sir Oracle pose, but gave a little laugh and replied, “I simply guess — guess the best I know how.”

“Guess!” I exclaimed.

“Yes; but there is guessing and guessing. I don’t guess blindly. I don’t guess at haphazard.

I don't guess without first doing everything and getting everything to help me to guess as nearly right as possible. I rely a great deal upon my co-workers in the management of the business. We have in this company specialists who we think are second to none — certainly some of their successful achievements stamp them as men of great grasp and reach.

“Most of these executives have been with me so long that I know their dispositions, their peculiarities, their tendencies. If one of these specialists is habitually ultra-enthusiastic, I know it and I make allowances when considering his recommendations. If another leans overmuch to conservatism, I make allowances for this. Before any important project is undertaken each man devotes himself earnestly to it and then gives his best judgment.

“Then it is up to me to weigh all the pros and cons and make a final decision. I have to guess which course is likely to prove the best. Everything bound up with the future must, in the very nature of things, be guesswork more or less. The man who guesses right oftener than he guesses wrong succeeds; the other doesn't.”

“You seem to have guessed fairly well,” I remarked.

“Oh, I don't feel like pinning any medals on

myself. But, at that, I am willing to let the results speak for themselves."

Mr. Miller doesn't have to pin any medal on himself; the pinning was done for him, at a great gathering in Carnegie Hall, New York, during the 1923 convention of the National Electric Light Association, when the highest honor within the gift of the industry, the Gold Medal of the Charles A. Coffin Foundation, was awarded the Southern California Edison Company, "In recognition of its distinguished contribution to the development of electric light and power for the convenience of the public and the benefit of the industry during the year 1922." Accompanying the medal was a \$1,000 check "to be turned over to the employees' benefit or similar fund" in the company's organization.

In accepting the medal, Mr. Miller, in course of his speech, said:

"If it was physically possible to accomplish and I could have my wish upon this occasion, every one of our employees and every one of our stockholders would be present here with me to receive this distinguished honor. They should be here to share in this occasion because it is due to their efforts and their spirit that the record which brought the prize to us was made. One of the reasons perhaps why that record was made by the Southern California

Edison Company of California is the fact that over 90 per cent of our employees are stockholders and that over 90 per cent of our stockholders are consumers, and that no opportunity has been overlooked to make both the stockholder-employees and stockholder-consumers realize the intimacy of their identity with the corporation and their responsibility for its well-being and good repute.

“During all our twenty-five years’ existence there has been close adherence to the company’s slogan, ‘*Good service, square dealing and courteous treatment.*’ The company with a fine spirit of teamwork has made whatever we have accomplished possible.

“The joy of all the jobs, yours and mine, of which this beautiful and wonderful medal is the emblem, is the lifting and making higher the plane of life. Not only in California, but everywhere throughout the United States, high-voltage, long-distance transmission, the advancement of all kinds in the art and the recognition on the part of the companies, their employees and their consumers of the mutuality of their interest, is making it possible to bring electricity over enormous distances and make it available in every ramification of life from the lightening of domestic duties in the house to the development of natural resources and its attendant industry, not only in the congested



centers of civilization but in the most remote and scattered hamlets. This is the greatest reward. This is the joy of our jobs of which the Charles A. Coffin medal is significant.

“ In that spirit, and with great pride, appreciation, and thankfulness, I accept the award for the Southern California Edison Company.”

The results achieved by the company have been facilitated by the co-operation of such executives as R. H. Ballard, G. C. Ward, W. A. Brackenridge, S. M. Kennedy, the vice-presidents, and a large number of loyal and efficient department heads, and by the broad-gauge conception Mr. Miller always has had of his duties and responsibilities toward his employees and toward the public as well as the security holders.

In addition to its record of always having paid good wages, the company has such “ features ” for the benefit of its employees as an attractive stock-subscription plan, a liberal pension plan, a disability fund, thirty or more social clubs managed by the employees themselves, educational classes, lunches supplied at the nominal cost of five cents for most courses, and, of course, up-to-date hospital and medical and nursing facilities.

The employees demonstrated their regard for their chief by celebrating a “ John B. Miller Week,” during which they went out and won for the company a record number of new stockholders.

The plan of enrolling customers as partners in the enterprise, through stock ownership, was conceived years ago by Mr. Miller's company and has been carried on with extraordinary success. No fewer than 37,235 stockholders have been enrolled with an average holding of \$300 each, while more than 9,000 own an average of \$500 worth of stock. Of the company's total stockholders (upwards of 59,000), over 32,000 are men, over 25,000 are women, 1,250 are children, and over 550 are estates. Less than 3 per cent of the stockholders live outside of California.

Convincing proof of the faith Californians have in the integrity and ability of such men as Jack Miller and other hydro-electric leaders was exhibited at the 1922 November election when the people voted down a scheme for state ownership by an overwhelming majority — approximately three to one. Californians manifestly believe that the men most capable of developing and handling the state's water power resources are the men now doing so, and that the best, the most equitable kind of ownership is ownership by those industrious, thrifty citizens who save modest or generous amounts of money and invest it in the securities of the hydro-electric companies.

What of the future?

The Southern California Edison Company's plans

now under way call for total construction expenditures of \$375,000,000 within the next dozen years. This is greater than the total cost of the Panama Canal and more than four times the cost of building the Suez Canal. Just as James J. Hill earned the title "Empire Builder of the Northwest," by his pioneer railroad construction, so Miller's organization is playing an equally potent part in bringing into being a new and populous empire over an area equal to the states of Massachusetts, New Jersey, Connecticut, New Hampshire, Vermont, Rhode Island, and Delaware combined, an empire of teeming industry and prospering agriculture and horticulture.

In one year one Southern California city alone, Los Angeles, added 100,000 to its population, and the inhabitants estimate that it will have 2,000,000 population by 1932.

How John B. Miller views the coming growth of Southern California in general and Los Angeles in particular is illustrated by the following story which went the rounds of Wall Street a few years ago.

Mr. Miller's company, then grown to dominating magnitude, was in the Eastern money market arranging for the flotation of a big security issue. Among those taking part in the bankers' conference was H. P. Davison, of J. P. Morgan & Company.

Davison, always keen for a joke, had been somewhat amused during Mr. Miller's visit by his extremely enthusiastic talk about the dazzling growth of the population of Los Angeles. During this dignified conference Davison, quite as keen to pull Mr. Miller's leg as to have the other conferees enlightened on the subject, asked Mr. Miller, with a grave face, "What is the population of Los Angeles, Jack? "

Miller, sizing up the situation, replied with equal gravity: "I'm sorry I can't tell you, Harry, because it's ten days since I left there."

Mr. Miller is a great believer in concentration. Yet he has found time to keep closely identified during the last fifteen or twenty years with the First National Bank and its allied institution, the Pacific Southwest Trust & Savings Bank of Los Angeles, and the Pacific Mutual Life Insurance Company.

In 1923 the University of Michigan conferred on Mr. Miller the honorary degree of M.A.

Mr. Miller's parting remark to me was: "Really, my big job has been, in partnership with Mrs. Miller, to raise my family of three boys and two girls and help to mold them into good, decent, useful citizens."

After all, isn't that the job of all jobs, the job most worth doing?

## ELBRIDGE AMOS STUART

PRESIDENT, THE CARNATION MILK PRODUCTS  
COMPANY.

**T**HIS story has the tang of the untamed West of yesteryear. It embraces bloody brushes with Indians. It embraces life in a lawless town where sleeping was done in a tent with an old-fashioned gun hanging handily above the pillow. It embraces experiences on a Vigilante Committee formed to do battle with gunmen, cutthroats and other daredevil criminals. It embraces muleteering during the building of railroads into unexploited country. It embraces pioneer storekeeping under canvas in the days when stocks of goods could be replenished only by undertaking wagon journeys through bandit-infested stretches of territory.

Like the West itself, the story proceeds from these primitive days and conditions to the development of things more stable, more modern, more enduring, to the establishment of an industry in the Far West that will last after the virgin forests have been denuded of their trees and the last



E. A. STUART





gallon of oil has been pumped from the soil underneath.

This story, in short, illustrates and epitomizes the old period which spans the West of our forefathers and the West of to-day.

It is the story of Elbridge Amos Stuart, grocery boy, navvy, muleteer, bookkeeper, grocer, and finally, founder, upbuilder and president of the greatest evaporated milk enterprise in the world, with 38 condensaries operating in twelve states, and using 85,000,000 gallons of milk a year, with can-making factories, with the greatest herd of pure-bred Holstein cows in America, and with agencies and ramifications covering the civilized world; namely, The Carnation Milk Products Company, of Seattle, Chicago, and New York.

It is quite a journey from shoveling gravel at \$1.10 a day to paying \$106,000 for one (male) animal to add to his great herd and to erecting one of the most notable structures, the Stuart Building, on the Pacific Slope. But Mr. Stuart has covered it.

At one time an unfortunate cripple on crutches, to-day he is one of the most active of men both physically and mentally, and noted for his generosity, his public-spirited activities, and his patronage of music and art.

The guiding motto of this victor over a thou-

sand difficulties and hardships is summarized in these lines which hang framed above his desk:

PLUCK WINS

IT ALWAYS WINS

Though days be slow  
And nights be dark  
'Twixt days that come and go,  
Still pluck will win;  
Its average is sure.  
He gains the prize who can the most endure,  
Who faces issues, who never shirks,  
Who waits and watches,  
And who always works.

Mr. Stuart needed pluck, limitless pluck, during the birth and early struggles of his milk venture. He took over a small concern, near Seattle, which had bankrupted its former owner. First there was the difficulty of evolving a product satisfactory to Mr. Stuart himself. That was overcome. But how to convince others that the product was wholesome and nutritive was a much harder problem.

Bluntly, nobody wanted a canned milk about which they knew nothing. Grocers wouldn't put it on their shelves. Consumers fought shy of it. Capital was not available to advertise it effec-

tively. Bankruptcy, the fate of the former owner, apparently stared Mr. Stuart in the face.

What did he do?

He stocked a basket full of cans, slung it over his arm, and trudged from store to store endeavoring to induce grocers to give his evaporated milk a trial. He would open up a can and prevail upon a skittish grocer to taste it. Then he would offer to furnish a number of cans to distribute free. He undertook to take back unsold stock. By these and other means he sought, often in vain, to get for his product a showing on shelves and a trial by consumers.

Only his infinite faith in the genuine merit of his product sustained him at this stage — this and the confidence of his banker in his ability and integrity.

To make matters worse, he learned, while still short of cash, that his partner was arranging to sell out to one of the established milk companies that didn't like the prospect of this new competition. An emissary from this same company had previously given Stuart the option of selling out or being drummed out. Stuart immediately closeted his partner and, before letting him leave the room, got him to sign an agreement to sell to him. Only, Stuart hadn't enough money to carry the transaction through!

"I have always believed," he recently told me reminiscently, "in laying all my cards on my banker's table. I have always kept my banker fully informed of the exact status of my affairs. By having done this, I apparently made the right kind of an impression upon my banker at this stage, for, when I explained all the circumstances to him, he replied that he would see me through. I got the money, took up my partner's share, and resolved neither to sell out nor to be drummed out. We are still in business," Mr. Stuart added, with a smile.

Tight corners and trying experiences were nothing new to Elbridge Stuart. He had known nothing else during most of his eventful and variegated life.

One of a large family, born in Guilford County, N. C., and raised on a farm in Indiana, where his parents had gone at the outbreak of the Civil War, Elbridge had to start work at a very early age — he was born on September 10, 1856, of Scottish stock. School was attended only when it was impossible to do any work out-of-doors. Whether from working very hard in all kinds of weather or from other cause, the raw-boned youth contracted rheumatism in such severe form that he lost use of his legs and had to hobble around on crutches.

Useless for farm work, he was sent, when seventeen, to Lawrence, Kansas, to be under the care of a brother who had become a physician. "When I went to Kansas I never expected to be able to walk again without crutches," recalls Mr. Stuart. His brother aspired to make a doctor of him, and, accordingly, put him to school. Relieved of the racking farm work and no longer exposed to all kinds of disagreeable weather, his rheumatism gradually disappeared and within twelve months Elbridge picked up his crutches and threw them away. He continued to attend school for another year; but he also joined the doctor often enough on his calls to conclude very emphatically that all thought of becoming a physician was repugnant to him.

Striking out for himself at the age of nineteen, the only work he could find—the country was still suffering severely from the after-effects of the 1873 panic—was shoveling gravel. When this work was completed, he found temporary employment, this time at \$1.75 a day, throwing rock into the Kansas River to repair a washed-out dam. It was back-breaking toil, and his co-workers were not ideally congenial companions, to say the least. One day a Lawrence citizen came along and shouted, "Hello, Stuart, what are you doing?" Stuart explained. "Can you keep books?"



was the next question. "You bet your life I can," Stuart replied, his hopes rising rapidly.

The bookkeeping job was in connection with the building of a railroad by the Atchison, Topeka & Santa Fe from Florence to Eldorado, Kansas. "I was bookkeeper, storekeeper, timekeeper, paymaster, all in one," says Mr. Stuart. "I paid the men with an order on the treasurer of the Santa Fe Railway. I paid everybody regularly except myself. I went to draw my own pay, in one lump, when the job was finished, feeling rich. The treasurer told me that the contractor was in debt to the road; and, as the contractor couldn't or at least didn't pay me, I got nothing for my five months' work."

A long spell as a clerk with George H. Innes & Company, dry goods merchants of Lawrence, followed. The work was easy enough, and the environment pleasant. But Stuart, nursing ambition even when on crutches, couldn't see any inspiring future selling ribbons and cloth and folderols. He was now nearly half-way through his twenties. His health was good and he resolved to make something more of himself.

Along came a railway representative to round up drivers and teams to go down to New Mexico to work at railway building. The money offered looked big — \$4.50 a day. Just then Sells

Brothers announced that they were to dispose of all their team mules and use railway cars for transportation. Along with four fellow-clerks Stuart went to Topeka and bought a span of mules.

The 1,200-mile ride to New Mexico was not to be conducted in *de luxe* style. The mules were loaded on a freight train and Stuart and his friends rode on a car carrying the fodder. Relatives and friends supplied lunch boxes which were to last for the whole journey.

At one place where they took the mules off the train to be watered, they ran into another lot of mules and a general stampede occurred. They chased some of the mules sixty-five miles before catching them, and at the end of three days two were still missing.

Five years' work inside a store had unfitted young Stuart for the heavy work of a teamster. The heat was terrific. The water was bad. Sanitation was non-existent. Yet Stuart didn't flinch, despite lacerated hands, sore feet, aching bones, and rebellious digestive organs.

By and by Indian warriors, led by Chief Santarominio, began to operate in the neighborhood of the railway camp. The killing of men and the carrying away of plunder became so rife and so near that the whole construction gang had to pull up tent and move into adobe quarters in town.

Stuart's Kansas companions had had enough; they returned home.

Stuart, however, decided to stay on. A contractor engaged him as timekeeper and bookkeeper at a railway camp. Life here also proved exciting. Stuart had learned to take care of himself in any kind of company, but at this place the bullets began to fly too freely for safety. One night his tent was well perforated. By lying flat on the ground he escaped, but in the morning two men were lying dead outside his tent-door.

After a brief return to Lawrence, where his former employer gladly offered him \$125 a month, Stuart again headed South. This time it was to start business on his own account. His New Mexican experiences had awakened him to the fact that big profits could be made on groceries and other necessities in growing towns far from railroads. Stuart surveyed the whole situation down South and concluded that the most promising location for a store was El Paso, Texas. Although at this time, 1880, no railroad had reached the tiny town, the Southern Pacific, the Atchison, Topeka & Santa Fe, the Mexican Central, and the Texas & Pacific all were heading in that direction. Therefore, Stuart reasoned, it was bound to develop rapidly when it became a railway center.

How did this young man solve the eternal prob-

lem of obtaining capital, the problem which confronts almost every ambitious young American?

The facts are illuminating, since they will serve to reveal to other enterprising strugglers how many a young man gets his real start in life.

While working in Lawrence as a store-clerk he had earned a reputation for sobriety, industry, courtesy, and business ability. As a consequence, when he returned, one of the substantial citizens offered to back him financially. Stuart had saved some money and so had one of his young friends, S. H. Sutherland. They arranged to form the firm of Stuart & Sutherland, to conduct a general merchandising business in El Paso. Carefully purchasing between \$4,000 and \$5,000 worth of goods, they shipped them to San Marchial, N. M., and from there carted them by mule-teams over the interlying distance of 150 miles.

El Paso, they quickly discovered, was no place for tenderfeet.

They couldn't rent a single room, either for their goods or themselves. Lumber, when it could be had at all, cost \$150 for a thousand feet. Hastily accumulating the necessary material, the newcomers put up a big tent, 25x80 feet. Displaying their wares as artistically as the means at hand permitted, they reserved a small space in the rear for sleeping quarters. These sleeping quarters

were not particularly secure. A gun was always hanging nearby on going to bed. This worked all right until some fellow, in need of a weapon, coolly cut a big slit in the tent one night, quietly reached in and stole the gun.

Lawlessness and bloodshed became so rampant that at one time it appeared doubtful whether the decent citizens would not all have to clear out or be killed. Confronted with the choice, fight or decamp, the law-abiding citizens decided to fight. At this critical stage Stuart saw five men killed on the streets within half-an-hour. Shouldering a shotgun he, with others, organized a Vigilante Committee and started parading the streets to clean out the criminals. Law and order triumphed.

Meanwhile, money was pouring rapidly into the store. The two young men prided themselves on having the neatest, the cleanest, the most attractive store in El Paso. They worked twelve hours or more a day. While one always served in the tent, the other manned the delivery wagon and energetically solicited orders from house to house and tent to tent. Their original stock was sold out in three weeks, at a good profit.

Trekking 150 miles to San Marchial, N. M., for new supplies was hazardous. Indians were on the rampage. So were outlaws, hold-up men. Stuart had more than one hair-raising experience while

traversing this wild territory. But he came through it with his life. Also with a good deal of money.

When Sutherland, at the end of five years, decided to withdraw, Stuart held on, taking in another partner. Five years later Stuart bought the interest of this partner, T. B. McNair, and continued the business, now grown to a large concern, under the name of E. A. Stuart & Company. An extensive wholesale department had been added, and Stuart's ramifications were steadily extended. The modest savings of his Lawrence days had now grown into a comfortable competency.

During a trip North, a friend had asked Mr. Stuart to visit his parents in Vermont. He did, and they became his parents-in-law. His wife's health, after some years, necessitated a change of climate, and the doctors recommended California.

So, in 1894, after having spent fourteen busy years in El Paso, Mr. Stuart sold his business to two of his employees.

Still on the sunny side of forty, he sought a fresh outlet for his business energies. He promptly joined an important wholesale grocery business, which changed its name to Craig, Stuart & Company. After five years of successful operations, Mr. Stuart heard, through a friend, T. E. Yerxa, of the opportunity to get into the evaporated milk



business, a little factory at Kent, sixteen miles from Seattle, having fallen into the hands of the First National Bank of Helena, Montana. Messrs. Stuart and Yerxa, the latter the largest retail grocer in Minneapolis and St. Paul, arranged to supply the capital, dollar for dollar, as needed, Mr. Stuart to become the active manager of the enterprise. Every one he met warned him against sinking money in a venture which had proved a failure. He encountered nothing but discouragement.

But Mr. Stuart had set his hand to the plow and had no intention of turning back. He took hold in August, 1899, put the rather dilapidated plant in shipshape order, and on the 6th of September made his first can of evaporated milk.

At every turn he found himself handicapped. The practical man who directed the making of the product persisted in keeping the process a secret and, although the milk wasn't ideal, it was impossible for him, under these circumstances, to improve it right away. Then he found that nearly all the desirable machinery was patented and the patents owned by competitors who refused to sell to him. Can-making also was controlled by a trust located in Chicago, and it sought to impose such terms on him that he determined to make his own cans even though he had to do it by hand. And

he did. Other production problems were solved, and a very fine quality of milk evolved.

Something has already been told of the initial selling difficulties Mr. Stuart had to wrestle with.

At the end of the first year the Pacific Coast Condensed Milk Company was still struggling hard. He had succeeded in manufacturing a high-grade article; he had designed and adopted an attractive label — so attractive that it has stood the test of all these intervening years and is now known all over the world; he had hit upon a pleasing name, Carnation Milk. But demand was still heartbreakingly poor. And the profit and loss account ended in red-ink figures. At this critical stage along came a tempter.

Without explaining his connection with one of the big milk companies farther East, a visitor came to Mr. Stuart's office, told him he liked very much the district where the milk plant was located, and that, as he had decided to live in that part of the country, he would pay Mr. Stuart a very good price for the business. Mr. Stuart, however, would not quit. The stranger, on leaving, remarked enigmatically that he would see Mr. Stuart later.

Shortly after this, Mr. Yerxa's son, who looked after his father's interest, informed Mr. Stuart that he had practically arranged to sell their half of the business. Mr. Stuart quickly discovered

that the prospective purchaser was the manager of a powerful condensed milk concern. The idea of having a representative of such a company as his co-equal in the running of the business did not appeal to Mr. Stuart. Quick thinking and quick action were necessary to save the situation.

And Mr. Stuart both thought quickly and acted quickly. Before young Mr. Yerxa left the room, he had agreed to sell out to Mr. Stuart, and to clinch matters he carried in his pocket Mr. Stuart's check for \$5,000 as a binder.

Incidentally, just where he could lay his hands on the balance of the purchase price, Mr. Stuart didn't know at the moment. But, as already told, he had kept close to and faith with his banker, and the money was duly forthcoming. "A man who is honest, frank, truthful in all his dealings with his fellowmen is bound to establish a credit, a reputation that is everlasting," commented Mr. Stuart.

All this time Mr. Stuart, though worked almost to death toting his heavily-laden basket of Carnation Milk from store to store and harassed financially, found time to devote the most earnest and searching attention to improving and testing the quality of his product.

Think of this: He took two cases (96 cans) of milk, put them on a sailing vessel headed for Japan,

had them transferred at Yokohama to a sailing ship homeward bound, and then opened some of the cans to see how the milk would stand up under such a test. It was perfect. Next he put the cans into a refrigerator, kept them there for quite a while to see if they could be shipped successfully to Alaska — the Klondike “gold-rush” was on — and again found that the result was entirely satisfactory.

“I put two of the cans into this drawer here,” remarked Mr. Stuart, as he opened a drawer in his desk while I talked with him in his Seattle office. “I opened one of them on its twentieth birthday. The milk was in fair condition. I still have one can left.”

Such was the start.

To-day Carnation Milk is one of the big businesses of America. It has 38 condensing plants dotting 12 states, and 2 in Canada. At the condensaries alone fully 10,000 workers are employed, while in three of the company’s offices, at Seattle, Chicago, and New York, the force exceeds 400.

The quantity of milk used in a year is equal to three gallons for each and every family in the United States!

One hundred thousand cows work to keep Carnation cans full.

“Milk from Contented Cows” has become a

slogan known from end to end of the country, Mr. Stuart all along having been an ardent believer in advertising; in fact, he has expended enough millions of dollars to make Carnation Milk one of the large advertisers in America. More important, he has made his company the largest manufacturer of evaporated milk in the world — evaporated milk simply is cow's milk with part of the water removed.

Even back in the days when "canned" milk was looked at askance and used only in emergencies, E. A. Stuart had a vision of the future of his industry as vivid and as inspiring as Theodore N. Vail had of the future of the telephone while yet it was regarded as a toy. He aspired to make the grocer "The modern milkman." Read these emphatic words written and printed by Mr. Stuart many years ago:

"When I entered the evaporated milk business in 1899 two things were firmly fixed in my mind. One was supreme faith in the quality of my product. The other was that evaporated sterilized milk would in time become the absolute successor to raw milk for human consumption.

"We saw a way whereby we could serve the people at large without putting a greater tax upon them; and, in reality, save them money — freeing them, at the same time, from the danger in the



continued use of a food in a raw and uncertain state.

“Carnation Milk is bound to be one of the biggest articles in the grocery business.

“I am close to my proposition, but I am not so close to it that I cannot see out and away from it. I can feel the trend of the times. I know that people will turn — have many of them not already turned and are others not even now turning? — from the unsanitary, unhygienic milk as it comes unclean and germ-laden from the cow, to this product of the twentieth century, cleansed as it is of all impurities, robbed of its disease-breeding bacilli, and preserved in a sanitary, convenient manner.

“Sugar has long been regarded as the staple of the grocery business. A new sun is rising. A new staple, greater than sugar, is rapidly being established. Carnation Milk is the name of it, and to the wholesaler and retailer it brings more of promise than sugar that is handled at little or no profit, if not at an actual loss.”

Stuart has transformed his faith, his vision, his dreams into splendid realities. He has achieved this not simply by working hard — although he has worked hard. He has achieved it by intelligent, far-sighted planning, by courageous, aggressive action, by resolute stick-to-itiveness, by an un-sleeping spirit of enterprise, by an ambitious will



not only to deal fairly with the public but to raise the status, the stability, the profitableness of the whole dairy industry throughout the land.

He has spent his own vitality, he has spent his own time, he has spent his own money without stint on this fundamental work of improving the milk-producing animals of America. A lover of thoroughbred cattle, he founded, as long ago as 1912, a 1,600-acre farm in the Snoqualmie Valley, some eighteen miles east of Seattle, and has transformed it into one of the most interesting and inspiring spots in America. Here he has more than 550 registered Holstein-Friesian cattle, including the greatest milk-producing cows in the country. Some years ago he paid the record price of \$106,000 for a young bull. Many of the cows are worth \$10,000 or more. On this farm there was developed the greatest milch cow ever known, Segis Pietertje Prospect, which gave 37,381 pounds of milk in a year, an average of 48 quarts per day for 365 days, and 1,448 pounds of butter, contrasted with a yield of 3,000 to 4,000 pounds of milk a year by the ordinary cow.

Of this unique establishment, with its ideal barns, its fertile pastures green the year round, its streams of pure water, and its spotless cleanliness, where the famous "contented cows" live, Mr. Stuart says:

“Carnation Farms, which include the farm at Oconomowoc, Wisconsin, with 250 cows, own the largest herd of registered Holsteins in the United States. Our farms are operated as model dairies and breeding farms for the benefit of dairymen supplying milk to the Carnation Evaporated Milk condensaries. Our company being interested in the distribution of unsweetened canned milk, we must have the best quality of fresh milk. Again, we want the dairymen not only to produce milk of good quality, but also to produce a maximum quantity at a minimum expense. The only way to accomplish both purposes is to have good cows with high-producing records.”

Mr. Stuart's deep interest in agriculture led him to become president and the moving spirit in the Pacific International Livestock Exposition, whose headquarters at Portland, Oregon, cover 10 acres, the largest building of its kind under one roof. Here and at other cattle shows animals from the Stuart herds capture many championships.

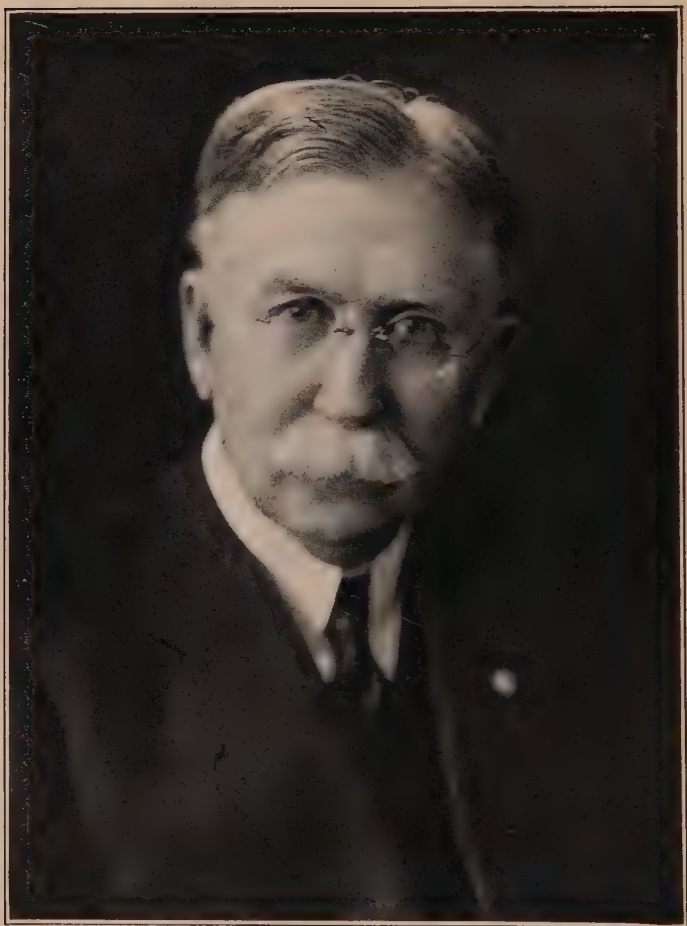
When I visited Seattle I asked its citizens a question I usually ask on visiting a place for the first time, namely, “Who is regarded as your leading citizen?” I didn't have to ask the question many times before becoming convinced that E. A. Stuart was regarded by his townsmen as among their chief leaders. Vast though his own business

interests are, Mr. Stuart finds time to enter with his decisive energy many civic activities, particularly those connected with furthering the city's growth on its cultural side. At that, he doesn't neglect — wise man! — to visit the golf links.

He is now transferring many of the duties connected with the management of his company to his son, Elbridge Hadley, and members of his executive staff associated with him since the early days of the business, including Vice-Presidents L. R. Hardenbergh and M. J. Norton, and also his son-in-law, H. G. Stibbs.

A satisfying and typically American career, is it not?





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E. L. DOHENY

## EDWARD L. DOHENY

PRESIDENT, PAN-AMERICAN PETROLEUM  
AND TRANSPORT COMPANY.

A STRANDED mining prospector one day noticed a wagon going along a street in Los Angeles loaded with dark-brown material. He took a handful. It was tarry and greasy.

Instinctively he knew he had found the pot of gold at the end of the rainbow he had chased through incredible hardships.

For twenty years he had followed the quest with little to show by way of reward save a terrible scar, which marred half his face, and a mangled wrist, which had been crunched in the mouth of a mountain lion one of the thousands of nights he had slept out in the open in wild, uninhabited fastnesses.

On his fortieth birthday the prospector had not forty dollars. Since then he has waxed rich at the rate of perhaps a million dollars every year. Now, at sixty-seven he is among America's foremost multi-millionaires.

More. His fingering of that handful of oozy, sticky, smelly substance led to America's being in-



calculably strengthened to win the World War. Joffre stopped the first fierce Teutonic onrush upon Paris by impressing every motor vehicle in the city into service to rush troops to the Marne. Germany's command of superior railroad facilities might have proved fatal to the allied line at one of the many points during the war had not motor transportation gone to the rescue. In the air, too, one essential to supremacy was an abundant supply of liquid fuel — gasoline. And what of the seas? Without American fuel oil the combined British, French and American fleets could not have "ruled the waves," driving the enemy into his lair, and thus keeping the international highways of commerce and travel open for the succoring of the British Isles and the continent with munitions, materials and man-power.

For by the time the death grapple of nations came the examination of that tarry handful had led to the production of oil by this single intrepid prospector at the rate of twenty-five million barrels a year — a volume greater than produced by any one Standard Oil company. The total output of oil in the United States approximates two million barrels a day. This man's properties yield upward of two hundred thousand barrels every time the sun rises.

Yet he blithely declares that he has only begun

to produce; that the whole oil industry is only in its formative stage; that the motorization of the world has scarce begun, and that ere long oil-driven machinery will enable man to conquer the air, till the soil, utilize the seas and accelerate communication on land on a scale and with an ease and speed and economy not even dreamed to-day by you or me. We are, affirms this man of vision and achievement, just entering the oil age — the age of motorization. The nineteenth century was the century of coal and steam-power; the twentieth is to be the century of oil and motor-power.

To those of us not possessing fortunes the romance and the glamor of this man's record lie in the fabulous wealth he has earned.

To him money always has meant so little and appealed so slightly that for years whenever he discovered a valuable property and had overcome all the difficulties incidental to its development into a profitable, smooth-going, money-earning concern, he quickly gave it up. Once, before he had attained great wealth, he, with a partner, developed one property which was netting him a clear profit of half a million dollars a year. Instead of remaining to scoop in the cash he promptly sold out. "The difficulties had all been solved. It no longer attracted me," was his

simple comment in explanation. "Achievement, not money, yields satisfaction."

How this wrestler with difficulties turns even the worst of misfortunes to profitable account may be illustrated by one incident. Once, in his prospecting days, he fell down a 120-foot shaft and broke both legs. While lying on his back in the hospital he threw himself enthusiastically into the study of law, *graduated in six months*, and was immediately admitted to partnership in a law firm.

Again, when his wife and a party of friends expressed a desire to see a certain spot in Mexico the circumstance that there was no road to it did not deter him. He quietly gave orders to have a road, fit for the passage of automobiles, cut through the heart of the intervening forest at lightning speed; and it was done.

When a mountain lion sprang upon him as he lay on his open-air bed of twigs and seized his right arm in its mouth, quick as a flash he pulled his hunter's knife from his belt with his left hand and plunged it into the lion's throat. The beast recoiled; then with an angry, frenzied yell it again sprang at him with its full fury. But, with presence of mind sharpened by many adventures, the prospector had grabbed his trusted rifle and, though his wrist was torn and crushed, aimed a

bullet which caught the lion during its fateful spring. Its paws and head reached him, but they were the paws and head of a dead animal.

This man who, through toil and peril, endurance and adventure, has graduated from a mining prospector to the foremost of American oil producers and the creator of uncounted wealth for the benefit of us all; this man who cares nothing for money, but everything for adding to the sum total of civilization's resources; this man whose titanic achievements hastened victory in the war and are playing an even greater part in the coming victories of peace — this man is Edward L. Doheny.

You have heard little about him? That's because he is no self-advertiser; because he never courts the limelight; because he is too busy doing things to find time to talk much about them. I had to camp on his trail for months to dig information out of him; and time and again as I tried to ferret out his story I likened myself to a prospector. He persisted in describing what others had done, leading me off along a trail I didn't want to follow, and it was only by adroit maneuvering that I occasionally got him to admit his part in the things he described. I could now tell you more about any one of half-a-dozen other prospectors and western characters than I learned about Doheny from himself. But others have

helped me to piece out the story. It is thrillingly, throbbingly American.

Its early chapters are set and steeped in the "wild westernism" that has succumbed to civilization.

Edward L. Doheny came of venturesome, pioneer stock, both his father (an Irishman) and his mother's father (an Irish-Canadian) having hunted seals and whales in the icy regions of Labrador. The Doheny family later settled at Fond du Lac, Wis., and here Edward was born in 1856. His parents — working people — sent him to school almost as soon as he could walk, and although he had to work for the greater part of each year as he grew up, he graduated from high school at the phenomenally early age of fifteen. Like so many men of mark, his forte was arithmetic, particularly mental arithmetic. Curiously, neither geology nor chemistry, through which he was destined to earn fame and fortune, appealed to him. He studied them because he had to. The nomadic blood in his veins moved him to accept eagerly an opportunity to accompany a governmental party which was to survey Oklahoma. The outdoor, carefree life so charmed him that he later proceeded into New Mexico with a Government mule buyer. Here, the youth — he was not yet seventeen — encountered exciting experiences

with Indians, who were conducting very successful scalping expeditions.

The Government troops, having captured many steeds from marauding Indians, announced a sale of them, and young Doheny saw a chance to undertake his first business venture. He had saved enough to buy ninety-two head at \$5.35 each. The next job was to tame the horses, not one of which had been broken. He became so expert at handling ponies that he attained quite a reputation as a jockey at the horse races, which the pioneers of those days delighted in getting up. When he sold out his profits exceeded \$2,000.

Unlike the dare-devil westerners portrayed by writers of juvenile stories, young Doheny did not drink, did not play cards, did not even smoke. He early realized that only the fittest could survive the life he planned to lead in rugged, unsettled regions overrun with wild animals and wilder men.

The wilderness, the mountain-side, the forest kept calling to him, holding out prospects of untold gold. When a famous fortune-seeker — Charlie Quidero — organized a party to invade the Black Hills district of Dakota to prospect for placer gold Ed Doheny gladly enrolled. Black Hills was destined to become famous, but not through his expedition. The Government created a reserva-



tion for Blackfeet Sioux, ordered all prospectors out, and soldiers confiscated the whole Quidero outfit.

But this inglorious end to his first gold-seeking venture did not daunt Doheny. An ambitious expedition was being organized by several notable prospectors, well financed; and as it was considered lucky to take along a tenderfoot, Ed Doheny was picked. Their activities were rich in exciting experiences, but poor in fortune.

The tenderfoot decided to become something more than a rule-of-thumb prospector. He procured books on metallurgy and geology, and when snowed in devoured their contents until he had learned them almost by heart. His early smattering of chemistry and geology and his aptitude for mathematics stood him in good stead. His mental activities were of benefit to him in other ways. For example, he and a companion undertook a journey of 800 miles to Arizona and met during the entire trip only one white man, who, having married a squaw, had settled at Navaho, in the Red Desert. On this long trail life had to be sustained by vigilant use of the gun to bring down deer, wild turkeys, elks, jack rabbits, etc.

In Arizona Doheny, by then a keen-eyed, trained prospector, who could spot a likely stain on a rock with the best of the veterans, struck his

first rich find. By building a crude stone mill to crush the ore, he won gold in paying quantities. But the wander-lust shortly repossessed him, and off he went to blaze new trails and seek other El Doradoes. After much wandering, and not a little hunger and more than one hair-raising escapade, he finally, in 1880, discovered the Black Range mining district in what is now Sierra County, New Mexico, and in less than three months a town of 5,000 people sprang up, a railroad was run in, telegraphic communication was established, and Ed Doheny became a bonanza king.

Once again, however, having set things in motion, instead of remaining to pile up a huge fortune, he pulled up stakes and moved on. He was then worth about \$30,000, but he had made a vow that he would clean up \$100,000 as a prospector or leave his bones on the mountains. Several others had made that amount, and Bill Greene (subsequently of Greene-Cananea fame) had made nearer \$1,000,000.

His next strike was an unique silver placer-mine on the spot which, thanks to Doheny's enterprise, developed into Kingston, N. M. Stories of how chunks of silver could be picked up with little trouble spread like wildfire, and soon 6,000 people, mostly daring gentlemen of fortune, were camping all around the wealth-strewn ground. Riches

poured into Doheny's lap by tens of thousands of dollars. Although not yet twenty-five he blossomed as an important mine owner and operator. He formed a partnership with C. A. Canfield, who had such a keen "mining sense" that he could discover valuable mines with greater ease and certainty than the expert diviner can locate water with his rod. For a number of years all went well. Then came the leg-breaking incident already mentioned and his spell as a lawyer. His next mining venture — the shipping of rich fluxing ores from Mexico into the United States — rolled up riches until it was knocked on the head by the McKinley tariff bill, which imposed half a cent a pound duty on such ores. Once again Doheny found himself dead broke.

Again into strange, unpeopled regions — this time the Mojave Desert. Here Doheny and Canfield operated mines rich in gold, but with ore so refractory that it was virtually impossible to work it. From South Africa had come reports of a wonderful cyanide process which had been installed on the Witwatersrand mines with revolutionary success. Doheny hied himself to Denver, where a demonstration was to be given, analyzed the process, found it satisfactory, bought from its Scottish inventors the right to use it, and set up the first cyanide plant in that part of the world.

Days and years of ups and downs followed. Rarely did Prospector Doheny sleep under other ceiling than the wide heavens. Each night he lay down with his faithful rifle at his side, his six-shooter ready for action and a hunter's knife at his belt.

"Wasn't it sometimes eerie when you knew wild animals were prowling around? And wasn't it cold in the winter?" I asked.

"There is no more comforting feeling imaginable than to wake up at night and feel your well-tried rifle snuggling warmly at your side," he replied. "The warmest bed I ever slept in was under a foot of snow. It took me a long time to become used to beds and bedrooms. I felt choked. No feather bed can compare with one made of leafy branches and pliant twigs." The recollection of them brought a gleam to his eyes. "Of course, you often flirt with death when leading such a life; but I have seen persons run over in the streets of New York. I still prefer the habitations of nature to the habitations of man."

After twenty years' search for Ophir he found himself, in the fall of 1892, in Los Angeles minus more than \$99,000 of the \$100,000 he had set as his goal. But although his pockets were empty his heart was still full of hope, his body was full

of health, and his spirit was full of fight. The rainbow's end would not always elude him.

He discovered it where he least expected to find it — right where he was in Los Angeles. The pot of gold had been blindly passed and repassed by thousands, including learned geologists. The dramatic incident which opened the portals of millionaireshood to the dogged prospector is worth recounting in his own words.

"I was living," he narrates, "at a small hotel in the western part of Los Angeles. One day I noticed a wagon-load of brown material that looked like the manganese ores I used to mine in New Mexico. I took a handful and found it was tarry and greasy. I asked the negro driver what it was. 'It is breer,' he replied. That was his crude way of pronouncing 'brea,' the Spanish word for pitch. Yes, I had, of course, learned Spanish. 'Where does it come from?' I asked. 'From near West Lake Park,' he told me.

"I immediately jumped on a street car. I found the place without difficulty. Examining it I discovered tar exudes which, mixing with the soil on the surface, made a tarry product. This, I learned, was being used in lieu of coal in several small manufacturing plants.

"My heart beat fast. I had found gold and I had found silver and I had found lead, but this

ugly-looking substance I felt was the key to something more valuable than any or all of these metals. Domestic coal sold in California at \$20 a ton. No more ideal place could be found to develop a substitute for coal. Without ever having seen an oil district or an oil derrick, as I had never been east of Chicago in my life, my natural prospecting instinct told me that these tar exudes bore the same relation to the petroleum below that the resin on the outside of a pine tree bears to the more limpid sap within. I felt sure that by drilling to the source of these exudes I would develop a supply of petroleum. The only damper on my feeling of elation over my discovery was the reflection that these exudes were in the midst of a city of 100,000 population and less than thirty miles from where successful oil wells were being worked by three well-known companies. It was almost incredible that the possibilities of this spot had not been recognized by people connected with these nearby companies. The whole thing seemed too good to be true; yet I felt it *was* true.

"I hurriedly hunted up my associate, Mr. Canfield, and took him to the place. We spent several days tracing out the different oil exudes in and near Los Angeles with a view to selecting the most likely spot to make an experimental



development. We finally selected a spot more than a mile from the first one and bought the plot for \$400, a price which taxed our joint cash resources. Engaging one man and a boy and a horse we started to sink a shaft five feet wide by seven feet long through the shale formation, this being the only way we knew of to prospect for oil, so ignorant were we of the whole oil business. Never did men work as we two worked digging and shoveling the stuff into buckets to be hoisted to the surface and carted away. In thirty-eight days we had sunk the shaft 155 feet, an almost superhuman achievement considering our ridiculously crude appliance. Through great good fortune we did not reach oil."

I looked at him puzzled.

"Because if we had found what we were looking for it would have meant our certain death," he explained. "If we had struck oil in commercial quantities we would have been instantly overcome by gas and asphyxiated before we could have scrambled out of the shaft. Even before this we had come upon oil-soaked shale, which emitted considerable quantities of gas and crackled like pop-corn, releasing little pockets of oil, enough to smear the shaft with black tar and almost choke us.

"We began to realize the danger. Dimly

recollecting having seen artesian wells being sunk in Wisconsin during my boyhood days, I cut down a eucalyptus tree sixty feet high and made a pole, and began laboriously to worm its point down through the bottom of the shaft. The process would have discouraged any one not possessing the sublime faith that we possessed that a few inches or a few more feet at the most would tap for us incalculable wealth.

“Suddenly gas spewed out and oil flooded the shaft to a depth of ten or fifteen feet in a few moments.

“I arranged for the building of a wooden tank to hold about 100 barrels, and found by baling that the well yielded about seven barrels a day. I felt like a millionaire.”

Alas, the thick fluid was not salable. Its like was not being used anywhere in the state. Doheny succeeded in inducing a pipe manufacturer to dip his pipes in the oil to coat them. For eighteen months Doheny and Canfield labored heroically in developing other small wells by crude methods. Then Doheny recalled an old-time friend who had drilled oil wells in Pennsylvania and Ohio, brought him to Los Angeles, purchased the up-to-date machinery he recommended, and in ten days the new plant drilled a well 600 feet deep, which yielded forty-five barrels a day.

He won converts to the use of his product by guaranteeing a saving of 25 per cent. in fuel bills by its use as a substitute for coal in factories, etc., and began to roll up wealth. Each barrel brought \$1.78.

Meanwhile these exploits became known, and within five years more than 200 companies were organized and 2,300 wells were drilled within the city limits of Los Angeles, notwithstanding that houses had to be knocked down on many of the plots utilized. From an area of about 300 acres over 75,000,000 barrels of oil were extracted. Many of the wells drilled at that time are still producing.

The price of oil tumbled to thirty cents a barrel, and Doheny, with his customary faith, contracted to buy up every barrel produced. Then he went ahead and made contracts to supply thousands of barrels a month to consumers. Again fortune dealt Doheny a body-blow. The producers failed to furnish the quantities agreed upon, and Doheny had to buy additional supplies from other sources at much higher prices to fill his contracts. This obliged him to obtain bank loans. When Bryan started his bi-metalism campaign in 1896 Doheny energetically supported the movement; was cautioned by the bankers that it would be a very bad thing for him and everybody

else if free silver were introduced; and as Doheny would not recant his political convictions he promptly, to avert involuntary bankruptcy through the calling of his loans, prepared a plan to turn over all his property to a trustee. On the tenth of August, 1896, Doheny's fortieth birthday, he remarked to his friends that he had not forty dollars to his name.

Within two years he had regained all his Los Angeles property and was making hundreds of dollars a day from a new property he developed in the now famous Fullerton District of California. As usual he sold out (for \$156,000) when he had got the thing running, and resumed activities he had already begun in the rich Bakersfield District until he was netting there an income of fully \$500,000 a year. Then he sold out when there was nothing to do but count the receipts.

This renunciation of the income of an emperor proved a new turning point in Edward L. Doheny's career. His greatest fame, his greatest achievements, his greatest wealth, have sprung from the daring step he then took. The urge of the pioneer, the prospector, the explorer, coursed strong as ever through his blood. Conquest, not money, was his dominating aim. He had had a hand in every big oil strike throughout the West; but the

West at the opening of the twentieth century had become a different land from what it was when young Ed Doheny hunted Indians, rode bareback at horse races, trekked 800 miles without meeting more than one white human being and had to depend on his marksmanship for his daily food. He must needs find other worlds to conquer.

He invaded Mexico in search of oil.

He has not had a single dull day, a single hour of ennui, a moment's dearth of difficulties ever since!

What lured Doheny to Mexico?

"I knew," he answered me, "that it had no intensively developed coal regions and no known oil properties whatsoever." With his associate, Mr. Canfield, he set out on a novel prospecting trip of several thousand miles, not driving a burro with crosstree pack-saddle and rawhide alforjas, but in a private car furnished by the Atchison Railway (with whom he had done much business), and accompanied by an expert cook and porter, both now in Mr. Doheny's employment. Through deserts and mountains and valleys they traveled six days and nights until they reached the Gulf Coastal Plain of Mexico, with its great sea of jungle and thick blanket of fog.

At Tampico, nine miles from the gulf, their

prospecting sense warmed up. An Indian guide, answering their inquiries, offered to conduct them into a dense jungle, and lo! they discovered what looked like the crater of an active volcano filled with thick tar, through which great bubbles of gas were escaping, giving it the appearance of an immense boiling cauldron. Instantly the prospectors visioned oceans of oil, the erection of huge plants, the creation of a new city, the winning of millions upon millions of barrels of oil and, ultimately, a vast export trade to all parts of the world. Forthwith they purchased 280,000 acres and arranged to acquire a total of almost half a million acres.

The Indian conducted them to another place, ten miles away, and here they found a boiling spring of lighter oil. The owner of this land repeatedly raised his price \$25,000 each time the Americans agreed to his figure, but finally a deal for 280,000 acres was consummated.

Through jungle paths on horseback, up shallow waters in canoes and along large rivers by steamer, Doheny and Canfield explored for several months, adding constantly to their holdings until they had acquired a miniature empire.

The Mexican Petroleum Company, capitalized at \$10,000,000, was formed in the fall (1900). Drilling machinery was hurriedly shipped from



Pittsburgh to Tampico, thence by rail and finally hauled through the jungle. In two weeks a well was sunk, which began to produce fifty barrels of very heavy oil daily. This confirmed their already confident hopes of dazzling success. The Mexican Central Railway agreed to use the oil for fuel purposes at a price slightly in excess of one dollar per barrel. But again bitter disappointment overtook them, for the railway directors refused to endorse the agreement, thus leaving the Yankees high and dry without a single customer for their product.

“ Nil desperandum ” was Doheny’s motto. He went ahead developing more and more wells; built a refining plant; formed an asphalt paving company, which did a large business; finally convinced the Mexican Central Railway that it could not afford to operate without oil fuel, and established a thriving, profitable business.

Then, as always, Doheny looked for something new and bigger to tackle. He bought a whole region some seventy-five miles south of Tampico. The fact that the nearest railway was seventy miles distant from the property did not daunt him. Without a quiver he spent \$1,500,000 in building a pipe line, with five pumping stations, before any oil to transport had been tapped, so sure was he of his ground. Just before the pipe line

was completed the initial well was finished and gushed forth 14,000 barrels a day.

Edward L. Doheny thus became the oil king of Mexico and the largest producer of oil in any country. From a single property more than 120,000,000 barrels of oil have been marketed. In addition to Mexican Petroleum, Mr. Doheny formed and controls the Pan-American Petroleum & Transport Company, which owns among other things a large fleet of tank steamers, of which no fewer than twelve were devoted to the service of the British and American governments in the war zone. The Doheny interests embrace gigantic producing tracts, pipe lines and storage plants in Mexico, refining plants and other facilities at half-a-score of ports in the United States, in Mexico, Panama and Brazil.

“Success is not to be measured in money,” Mr. Doheny replied very emphatically to my questions on this subject. “Success is to be measured by worthy achievements, achievements which add to the wealth of the world, provide employment at good wages, help the onward march of civilization and make the world a better place to live in. How can a young man succeed? Why, that is the simplest question in the world to answer. He should make himself so necessary to his busi-

ness that his employers will give him a share in it or anything else necessary to keep him.

“Don’t put money-making first. Devote yourself and all that is in you to doing what you set your hand to and when you have succeeded, the monetary reward will take care of itself.”

All through the years of uprisings and shootings in Mexico, the Doheny properties were shown exceptional good-will by the Mexican people. Mr. Doheny from the start had treated everyone, from the humblest and most illiterate to the highest Government officials, with scrupulous fairness and consideration. Not only so, but the Mexicans realized that he had been one of their real benefactors in that he had turned his attention to a vast area of unhealthy, uninhabited jungle and had transformed it into a sanitary, industrial area, giving well-paid employment to many thousands and bringing about a transformation in living conditions in Tampico and elsewhere. His activities, resulting in the production of a billion barrels of oil so far, have created, also, a source of taxation bringing in untold millions to the national treasury. They saw in Mr. Doheny, therefore, a genuine friend and an invaluable contributor to their welfare and progress.

Mr. Doheny's outstanding characteristics are his superhuman industry, his illimitable courage, his perennial cheerfulness and optimism, his breadth of vision, his untrumpeted generosity, and his modesty. His knowledge of oil is matched by his knowledge of literature. I know no business man who uses better conversational English or who habitually coins more brilliant metaphors.

When I asked him if he could single out one thing more than any other to which he owed his success, he smiled very broadly as he replied, "Yes, let's go through to the other room, and I'll show you." And he introduced me to Mrs. Doheny! "This," he said with a characteristic touch of knightly gallantry, "is the greatest find I ever made."

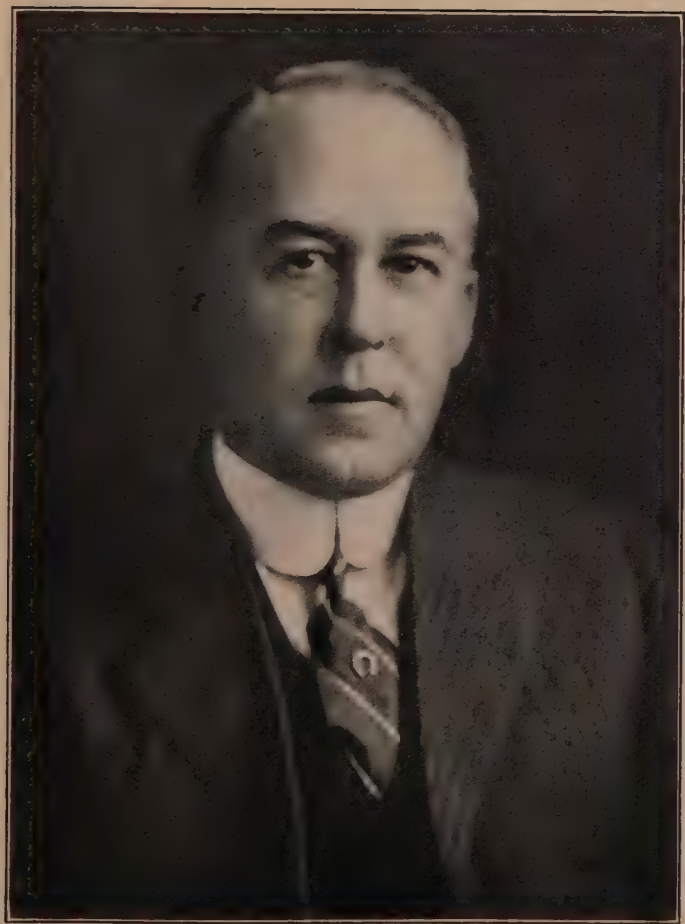
KENNETH R. KINGSBURY  
PRESIDENT, STANDARD OIL COMPANY  
OF CALIFORNIA.

**E**DISON says that too many college men are afraid of dirt.

It is perhaps significant that several of the most important industrial prizes in America have been won lately by college men who deliberately chose to wrestle with dirt and grime rather than with pens and pencils and ledgers.

Gerard Swope, the recently elected president of the General Electric Company and a graduate of the Massachusetts Institute of Technology, refused an office job for the sake of working in overalls.

Harry B. Thayer, who succeeded Theodore N. Vail as president of the American Telephone & Telegraph Company, started in the Western Electric Company's office, with a college diploma among his few belongings; but he persisted in ducking into the factory at every opportunity, and it was the practical knowledge he thus gained among the machinery which fitted him for the greatest job in the telephone world to-day.



KENNETH R. KINGSBURY





Charles B. Seger, now president of the mammoth United States Rubber Company, was an expert accountant on the Harriman railroads, but he contrived to forsake his stool very often to lend a hand in freight yards and elsewhere where the rough-and-tumble of the actual moving of traffic was going on; with the result that he mastered transportation and, later, management, instead of being content to master only the figures resulting from railroading.

Charles E. Mitchell, now president of the largest financial institution in America, graduated from college with the highest honors and began with an office job, but he saw that the best way to qualify for greater responsibilities was to get into the workshop and factory where neither hands nor collars could be kept clean.

Thomas E. Wilson was a clerk in a very comfortable railway office in Chicago when one of his seniors turned down a job at the stockyards because he didn't like the terrible smells and the mud and dirt there. Wilson volunteered to face the smells and the mud and the dirt; then he didn't stay at his desk at the stockyards but voluntarily went out and took part in the rough work in the yards. He climbed to the presidency of the company, Nelson Morris & Company, and now heads Wilson & Company.

The directors of the American International Corporation, when Chairman Frank A. Vanderlip and President Charles A. Stone resigned recently, selected as head of the enterprise Matthew C. Brush, the man who made Hog Island the greatest ship-building plant during the war. When asked to undertake that task, Brush consented on condition that he be allowed to apply for a job, in the regular way, as an ordinary workman, and be given time to work obscurely in the ranks before taking hold of the helm.

Kenneth R. Kingsbury, although owning two college degrees, not only didn't shrink from donning overalls and firing boilers at an oil pumping station, but even accepted a cut in his pay from \$75 to \$50 a month and refused to quit under all sorts of discouragements and long years of small pay. When promotion did start it came so rapidly that he rose from the Standard Oil ranks to a Standard Oil vice-presidency in ten years and to the presidency of the same company, the Standard Oil Company of California, a few years later, becoming, as a matter of fact, the youngest Standard Oil president in history, at forty-three.

Instead of having Kingsbury talk, suppose we let his record talk for him.

Kenneth Raleigh Kingsbury's father was connected with the Pennsylvania Railroad, in the

traffic end, all his life. When Kenneth was ten years old, the family moved from Columbus, Ohio, where he was born on Jan. 22, 1876, to Orange, N. J. From the Newark Academy he entered Princeton and graduated when only twenty. His youthful ambition was to become a mining engineer. So he took a course at the Columbia University School of Mines.

On graduating, he went straight to Idaho. Already young Ken Kingsbury had developed a faculty for friend-making which was to play a part in helping to shape his career. One of his mining school chums had a wealthy father who talked of giving his son a start in life by purchasing an Idaho mine for him. Kingsbury was to superintend operations. But at the last moment the father refused to pay the price demanded. Kingsbury, however, found other mining engineering work.

The serious sickness of his father brought Kenneth home before the end of the year. Again a friendship he had formed molded his course. This friend told him that he was intimate with one of the superintendents of the pipe line of a Standard Oil concern and that he would speak to him about giving Kenneth a job. Christmas brought a telegram, and on December 27, 1897, he started work with the Southern Pipe Line Company, at Chambersburg, Pa.

One glance at the work was enough to tell him that it wouldn't entail any mental strain or call for the use of higher mathematics or any of the scientific learning which had earned him his mining degree. A new pipe line was being laid, and the task assigned Kingsbury was to count the pieces of pipe as they were unloaded from the railway freight car to the company's trucks. The pay was \$60 a month.

After a year or so, he received word from the superintendent that the construction work having been finished, so was the job. The superintendent added that he had nothing else suitable to offer, but mentioned that he could give him a job as fireman at one of the pumping stations if Kingsbury cared to tackle such work. Kingsbury said to himself, "The superintendent, not being a college man, probably hasn't much use for 'educated guys', and he doesn't think for a moment that I'll take him up. But I will." He wired the superintendent accordingly.

The college-bred youth had started in the oil business on the ground floor, so to speak. He was now sentenced to a gruelling test even lower down. He was dispatched, in early Summer, to a pumping station near Hancock, Maryland. Arriving there, he was sent down to the boiler room, directed to a short-handled shovel, a half-ton coal truck, and

told that his job was to push this truck into the coal bin, load it up, trundle it back to the front of the boilers and keep shovelling in enough coal to keep the three boilers going at a steam pressure of 125 pounds all the time.

The mouths of the furnaces being awkwardly low, the shovel handle awkwardly short, and Kenneth Kingsbury awkwardly tall, it was a back-racking, body-sweating, nerve-wearing operation, especially as the pressure never dropped a point below the prescribed level without bringing a shrill whistle from the engineer, followed by a yell, "What the h—— is the matter with the steam pressure?" This incessant battle against the steam gauge had to be kept up twelve hours a day and seven days a week, regardless of Sundays or holidays. Nor was half-an-hour allowed for breakfast or dinner or supper. Meal-time was any time the shovelling got a little ahead of the consumption of the coal. The night shift had to be undertaken just as often as the day shift.

This pumping station crew consisted of an engineer, a telegraph operator, two firemen and a gauger. The telegraph operator was a kid of about fifteen, son of the telegraph superintendent for that division of the company's territory, and he kept chiding Kingsbury as to why he didn't educate himself sufficiently to become a telegraph



operator and earn \$75 a month instead of the \$60 he was drawing as a fireman! The boy also emphasized the toughness of Kingsbury's job in contrast with his own.

For two months, during the heat of mid-summer and the terrific heat of the dingy fire-house, young Kingsbury (literally) bent his back to this twelve-hour slavery daily. Worst of all, he could see no future flowing from such work. He was learning nothing new. A hardened common laborer was capable of doing the job as well as he could. So Kingsbury decided to seek a more promising opening.

Down he went to the telegraph office to wire the superintendent to that effect. When he entered the telegraph office, the operator greeted him with, "Hello, Ken, here's a message I have just taken over the wire for you."

The telegram was from the superintendent and asked Kingsbury to report to Hancock, for construction work on pipe lines.

"That," says Mr. Kingsbury reminiscently, "is the nearest I ever came to losing my connection with the Standard Oil Company."

After a spell as time-keeper, etc., with a construction gang, the young engineer was sent to a pumping station near Lancaster, Pa., as a gauger. This work consisted of keeping a very close and

exact tally of the amount of oil pumped into and out of this station. As each station notified the next just how much oil was being dispatched through the line to it, it was thus possible to detect at once whether the line was leaking and whether the flow was being tampered with in any way whatsoever.

Here again it was a case of work twelve hours a day, Saturdays, Sundays, and holidays, with no time off to eat. The work, however, was not particularly arduous, the pay was better, \$75 a month, and Kingsbury contrived to find time to follow the kid's advice; he learned telegraphy.

Circumstances again dealt young Kingsbury a disheartening blow. After two years of gauging, he was told that operations were to be shut down and that, as he was the newest man on the job, he was to be the first to go. It was cold comfort to be assured that efforts would be made to locate the discharged men elsewhere.

As before, Kingsbury had cultivated many friendships. From a friendly source he received a tip that there was vacant a \$50-a-month job at 26 Broadway, the famous headquarters of Standard Oil. Kingsbury promptly investigated. He landed the position, in the accounting department. Still there was no scope for using either his college-acquired scientific knowledge or the sternly prac-

tical knowledge he had gathered at pumping stations and working with construction gangs. It took him more than a year to earn — or, at least, receive — a \$5 monthly increase in pay.

“Yes,” Mr. Kingsbury admitted to me, “there were times when I questioned rather seriously whether a college education was worth anything, after all.”

After a pause, he added, “But I was determined to stick to the oil business and, if possible, to Standard Oil, for I reasoned that I had thrown in my lot, such as it was, with a great industry and a great company where there was plenty of roadway to be traveled before nearing the top.

“Of course, I didn’t like being chained to a set of books all day. Frankly, I was very dissatisfied. I wanted to get closer to actual operations. I wasn’t backward at telling those about me that I was eager to get a change of work.

“No, it wasn’t the slimness of the pay that worried me. I had known what it was to start at \$60 a month and go to \$75 a month and then back to \$50. This experience wasn’t exactly thrilling, but I never, either then or since, let the matter of pay bother me. Oftener than once I asked for a change of work *but I never once, in my whole life, asked for a raise in pay.*”

Once again a friendship he had made helped

young Kingsbury to get a step nearer his goal. The father of one of his college mates was one of the heads of the sales department at 26 Broadway. And the son readily gave him a letter of introduction. Kingsbury well knew, however, that this official was very religious, extremely strict about young men's habits, and terribly stern. It was not without fear and trembling that Kingsbury approached him to be subjected to the "third degree." This followed:

"You would like to get into the sales end of the business? "

"Yes, sir."

"Tell me what your experience has been."

Kingsbury did.

"Have you any bad habits? "

"Well, Mr. —, some people call smoking a bad habit. I smoke."

"I call it a bad habit."

The ambitious but crushed youth reached for his hat and started toward the door.

"Wait a minute! Have you got any other bad habits? Do you use liquors? "

"Yes, sir; at times I take a drink, but never during business hours and never to excess — and I never touch it at home because my father wouldn't think of allowing it into the house."

"That's all. If I want you, I'll send for you."

Greatly to Kingsbury's astonishment, the official summoned him to Reading, Pa., as a salesman. Within two months, he was brought back to New York and told to go to work in the sales division of the specialty department, which handled a bewildering assortment of by-products. But the instant he encountered the manager of the department, Kingsbury realized that he was not welcome, that this gentleman didn't relish having a raw salesman forced on him by a superior.

Trouble was thus precipitated. The sales manager wanted to sidetrack Kingsbury to book-keeping. Kingsbury countered by saying, rather firmly, that he understood he was going to be a salesman. This disgruntled him. Without attempting to conceal his annoyance, the manager reached over, handed the young man a price book and dismissed him with these words:

"Here's a price book. Your territory will be on the other side of the Hudson River, from Fort Lee to the end of Staten Island. Go over and try it — but I don't believe you can make good."

Instead of allowing this douche of cold water to give him cold feet, Kingsbury regarded it as a challenge. Crossing on the ferry boat, he diligently looked through the price book. Precious few of the products were familiar to him. As he spotted one item, however, which explained itself,

namely, "undertakers' candles," he immediately said to himself, "I'll start by concentrating on undertakers' candles."

Boarding the first street car that came along, he walked to the front and took a seat where he could watch the store signs. Presently an undertaker's establishment came into sight.

"What's your price to-day on 4-14's?" asked the undertaker.

The confused novice, not being familiar with the different sizes of undertakers' candles — in fact, he had never heard sizes described — began fumbling through the book for the quotation. He couldn't find it.

"Maybe I can find it for you," remarked the undertaker, reaching for the price list. "You haven't had much experience in this line yet?"

The embryo salesman confessed that this was his very first call on a customer in this line.

The undertaker gave an order for twenty-five cases.

Kingsbury walked out overjoyed. He would show that sales manager whether he could sell goods or not. This starter would give the manager an inkling of the stuff his new man was made of.

As Kingsbury subsequently learned, this prompt booking of a substantial order did make a good impression.



But—here's where the joke comes in—of all the business booked by Kingsbury during the two years he held this job, the bill for this undertaker's candles was the only one that never was paid!

Kingsbury, however, drummed up a lot of new business which did pay. This was the first position which afforded him scope for initiative. If that price book was mostly Greek to him the first day, he quickly mastered it. He did more. If the company didn't manufacture a thing for which Kingsbury found there was a market, he addressed himself to meeting the situation.

Here is one illustration of his enterprise, originality, and resourcefulness.

A large "grease" plant in his territory didn't buy any raw materials from Standard Oil, despite many past efforts by Standard Oil salesmen. Kingsbury became friendly with the high-ups and learned that they didn't buy because his company didn't make exactly the petroleum compound they needed to produce their products. Kingsbury asked for and was given a sample of what was being used.

Kingsbury set to work. He procured from Standard Oil samples of their petroleum and other waxy products similar to what the "grease" factory used. Also, he bought a supply of small jars at the corner drug store. Equipped with a

knife and a bread-board, he experimented for hours that evening, evolving first one and then another compound, as like the thing desired as he could make them.

Next day he booked a big order — at a price which Kingsbury was careful to fix at a profitable figure — and the company became a permanent and very substantial customer.

By such demonstrations of successful salesmanship, Kingsbury naturally attracted the attention of 26 Broadway. Territory in North Carolina needed shaking-up, and Kingsbury was the “go-getter” sent to do the trick. Within a year he had things moving very satisfactorily. After a brief experience at Washington, D. C., he was brought back to headquarters in New York.

By this time, 1906, he was distinctly a marked man. His new duties brought him into contact with the lubricating trade of the whole country. By and by he was “discovered” by H. M. Tilford, one of the ablest and most important of the Standard Oil leaders, who annexed him as his assistant.

This position enabled Kingsbury to familiarize himself with the workings of every branch of the Standard Oil business, producing, refining, exporting, sales, etc. Mr. Tilford’s duties included the presidency of the Standard Oil Company of Cali-

fornia. Hence, Mr. Kingsbury became particularly well acquainted with operations on the Pacific Coast.

When J. A. Moffett became head of the California company, he requisitioned Kingsbury as his assistant. Next, when the Government ordered the splitting up of the Standard Oil structure into a large number of separate units, each to be directed independently, Kingsbury was moved to San Francisco as vice-president.

Seven years later, in 1919, Mr. Kingsbury was elected president.

There was a reason, of course; rather, there were reasons.

Mr. Kingsbury probably would not care to admit it, but Standard Oil was not popular, to say the least, with Californians in the old days. Kingsbury had exhibited aptitude for making friends rather than enemies, for his organization as well as himself.

He became an all-round citizen of the state, not a self-centered business machine. He gladly accepted his share of civic and semi-public and such-like duties carrying no monetary reward. His record in this respect was such that, later, when the northern half of California aspired to raise several hundred thousand dollars to make known the state's attractions and advantages industri-

ally, agriculturally, commercially, climatically and as a sunshiny, healthful resort, the citizens turned to Kenneth R. Kingsbury to lead the movement and raise the money. As chairman of this committee, it didn't take him long to get more than the \$400,000 fixed as the goal. Under the name of "Californians, Inc.," a non-profit organization, a national advertising campaign of Northern and Central California was engaged in, placing before the people of the country the advantages of the state. Within four months this campaign met with the remarkable response of nearly 100,000 replies.

Kingsbury wasn't long in California before he realized that oil played a vitally more important part in the scheme of things there than in the Southern and Eastern territories where he had formerly served, since oil was widely used as fuel by the people in their homes, by business concerns, by utility corporations, by railroads, by tugboat and other vessel owners. California depended for her gas supply upon oil. The production of oil held a place in the industrial activities of the state. Oil was California's coal. Oil, in one way and another, yielded the livelihood of a great many families.

Kingsbury, consequently, saw vast opportunities for developing the scope, the enterprise, the

operations of his company — and had early applied himself to transforming his vision into achievement.

Equally important, Kingsbury, the executive, didn't forget the brand of treatment which was meted out to Kingsbury, the fireman and ordinary toiler, a brand which he felt ought to be and could be improved with benefit alike to the workers and the organization. His demonstrated ability to handle men doubtless influenced his selection for the supreme executive position in the company.

As a matter of fact, two of the most notable developments since Kingsbury took hold have been the growth, the expansion of the company's activities, and the improvements effected in the treatment of the employees.

The Standard Oil Company of California in 1911 was a small enterprise compared with the 1923 organization. Not the least of the notable growth was accomplished during the years of Kingsbury's presidency. Perhaps an idea of the company's expansion during Kingsbury's régime can be conveyed most briefly and clearly by the following little table:

	1911	1923
Capital stock (Issued) ..	\$25,000,000	\$205,486,922
Earnings, net .....	\$ 3,141,625	\$ 42,822,826
Number of employees ..	6,000	19,740
Number of stockholders	6,082	13,480

Crude production, daily		
bbls. ....	8,500	79,635
Producing wells .....	163	1,329
Refining capacity .....	40,000	160,000
Pipe line, miles .....	967	1,414
Lines capacity, bbls.		
daily .....	63,000	196,500
Vessels owned and oper-		
ated .....	17	38
Cargo capacity, bbls. ...	208,110	1,242,250
Tank cars used .....	750	1,592
Marketing stations .....	118	559
Retail "Service" sta-		
tions .....	0	592
Horse-drawn vehicles ...	413	19
Motor vehicles .....	44	3,030

In 1911 the company's drilling and "wild-catting" was confined to California. Its activities have now spread to Texas and Montana, and as far afield as Alaska, the Philippines, Colombia, Ecuador, and the Argentine.

"I believe that the success and growth of this company since the dissolution in 1911 is due primarily to three things," said Mr. Kingsbury.

"First is the loyalty of our personnel and the spirit of co-operation and mutual confidence which prevails throughout the organization. This exists principally because we believe and practice the principles of reasonable hours of work, fair compensation, and good working conditions. Also, the employee knows that continued and loyal service earns the reward of opportunity to become a part



owner of the company, care in sickness and old age, and provision for his dependents in case of his death.

“Second, the management consists of a Board of Directors, each of whom has come from the ranks and spent a lifetime in this business, to which he now devotes his whole time.

“Third, owing to this experience and length of service, the management has a knowledge of the intimate details of the business and of the employees and their work, which gives a common understanding and sympathy and creates a high degree of mutual confidence between employees and management.

“If I were to try to moralize on success, or to advise the young man, I would say that the most essential things are sticking-to-it, loyalty, and doing to the best of one's ability what there is to be done, even in the face of apparent discouragement. Our company affords many examples of men who have won responsible positions by everlastingly staying with the job.”

When pipe-checker, foreman, gauger and so forth, Kingsbury had to work twelve hours a day and every day of the year. To-day all the men who work under him have an eight-hour day, a two weeks' vacation each year with full pay, and are placed on a monthly wage basis instead of a

daily wage basis after one year's service. Without a dollar of cost to them, the employees enjoy the advantages of a liberal pension plan, life insurance, and sickness disability benefits. Three hospitals and a sanitarium for tubercular patients have been built by the company and maintained with scrupulous care.

And how is this for liberality? Each employee may deposit up to 20 per cent. of his or her salary under a Stock Investment and Savings Plan. And to every dollar thus saved the company adds a bonus of 50 per cent. This money is invested from time to time in the company's stock. This five-year plan matures in 1926, when the stock will be divided among and delivered to the employees. Is it astonishing that 86 out of every 100 employees are taking advantage of this extremely attractive system for building up a nice little fortune, or that these savings reached no less than \$5,987,796 in the very first year? This plan originated with Mr. Kingsbury not long after he was advanced to the presidency, and is one of his pet hobbies.

Having enjoyed liberal educational facilities himself, Mr. Kingsbury also takes keen interest in the activities of a school department for employees which is under a trained instructor, who has a call upon the services of department heads and

others. Other departments look after the training of employees, the care of employees, the selection of employees, etc., etc.

Many corporations have on their directorates Wall Street financiers, bankers, and prominent outside business men. Not so with Standard Oil. All its seven directors have come up through the ranks in the Standard Oil Company and all devote their entire time to its affairs. The average length of service with the company of these directors is thirty-four years. Mr. Kingsbury is the youngest in point of service, and is also the youngest member of the board. Yet he is at its head.

When I remarked upon this interesting fact to one of California's ablest and best-known men of affairs, he replied that this was perfectly natural in view of Kingsbury's unusual combination of talents and practical experience. Said he:

"Kingsbury came up from the bottom, and on the way he mastered the oil business, and particularly that of the Standard Oil Company of California. He is keen for facts, and with a remarkable memory he retains them for use when needed. His chief characteristic perhaps is his courage and speed of decision. A great faculty for concentration on whatever problem is before him helps in this respect. The affairs of a company like his, which is in all phases of the oil business from pro-

ducing to marketing, are most diverse in character, but Kingsbury seems to know all about all departments, and in addition has a broad knowledge of general conditions."

It ought to be comforting to America, in view of the world-wide fight for oil, to know that there is on the Pacific Seaboard a man of Mr. Kingsbury's type, a man still in the very prime of life and full of vision, ambition, enterprise, a business statesman capable of pushing American oil activities farther and farther West until "East meets West."

In these days of industrial internationalism, a man of Kingsbury's calibre is an invaluable national asset.

## WIGGINTON ELLIS CREED

PRESIDENT, THE PACIFIC GAS AND ELECTRIC  
COMPANY.

**I**S it love of money that impels men already rich and handling large affairs to reach out and seize still greater enterprises, still greater responsibilities and still greater opportunities for accumulating millions?

Frankly, that is the main motive which actuates some men.

Others, and I believe they are in the majority, consent to shoulder additional burdens solely because of a desire to render greater service and increase their usefulness to their community or their state or their country.

Happily, this stamp of citizen is becoming more common as a younger generation comes into leadership. The multiplying of multiple millions has lost some of its lure for broad-gauged, brainy men, and the appeal of worthwhile service, in public office or private capacity, is becoming stronger and more widespread.



WIGGINTON E. CREED





The life of Wigginton E. Creed, the foremost public utility figure in San Francisco, is an ideal illustration of this evolution.

His is not the typical American romance of a poor boy's heartbreaking struggles with poverty, long years of grinding toil and sweat in obscurity, and, finally, financial triumph on a spectacular scale. His career started differently, followed different lines, and its goal is not the multiplying of millions.

To-day Mr. Creed is the president and the most dynamic directing genius of the colossal and rapidly expanding Pacific Gas & Electric Company, which, apart from its huge gas-supplying business, is the second-largest hydro-electric enterprise in the United States. He was a lawyer and was wedded to the legal profession when importuned to take the helm of this complicated, far-flung corporation. At first he refused. His reasons for capitulating illustrate the modern trend here mentioned.

His idea of how the public ought to be treated, his conception of the responsibilities of business leaders, his methods of organizing and managing a large concern, his attitude towards labor, towards consumers, towards investors, towards regulatory authorities, all possess interest for every

thoughtful person interested in the improvement of business and social conditions.

That these methods commend themselves to the people is reflected by the overwhelming rejection, at the 1922 November elections, of an energetically-waged movement to authorize the State to borrow half-a-billion dollars to dominate hydro-electric activities throughout the State of California.

Wigginton Ellis Creed's father moved from Fresno, where he was district attorney for Fresno County, to San Francisco when his son was only six, and the family prospered. While still a very young lad attending public school in Oakland, Wigginton knew definitely what he wanted to be. Once, when taken by his father to court, he listened to two able lawyers defending a man on trial for murder, and he decided that he would become a trial lawyer.

At the University of California he supplemented a classical course by special studies calculated to fit him for his legal career. Being of an independent cast of mind, he elected, on graduating in 1898, to earn the money necessary to get a legal education. So he became principal of a grammar school in Fresno.

Then there occurred an incident such as I have often noticed has marked the careers of quite a

number of young men who were destined to reach high place and power later in life. President Wheeler of the University of California was asked by one of America's foremost citizens and capitalists of that day, D. O. Mills, to recommend a private secretary for him, and Wigginton Creed was the one young man out of his recent graduates whom the university president recommended. This position brought Mr. Creed into intimate touch with financial and business matters of great magnitude; it initiated him into the inner workings of financial New York, where Mr. Mills spent a large part of his time; and it did something of still greater value for the young man.

"It was a wonderful and valuable experience for me to be associated with Mr. Mills," Mr. Creed explained to me, "because he was the most genuine, the most simple, the most natural, the most honest, the most honorable character who ever lived."

While serving in this capacity Mr. Creed attended late afternoon and evening classes in the New York Law School. Mr. Mills was getting ready to retire and was anxious to place his young secretary in some attractive position in New York. But his secretary had a fixed goal in view; so he returned to the West, completed his legal studies,

and was admitted to the bar in 1900, at 23 — he was born on February 8, 1877.

Another goal Mr. Creed had fixed: He would not become an employee, he would practise on his own account from the very start. Accordingly, he began practising law in San Francisco, and made arrangements with an established law firm to do some work for them. The head of this firm, Louis Titus, soon grasped Creed's worth, and took him into partnership, the firm becoming Titus & Creed. They enjoyed a very large and very profitable practice for fifteen years.

Then Mr. Creed had an experience which changed the course of his life.

Garret McEnerney, the most famous lawyer in California, walked into Mr. Creed's office on June 1, 1907, and said to him: "It is impossible for me to handle this case between the water company and the city of Oakland and I have recommended that you try it. You are young and strong, and you ought to be able to tackle this job."

The job was big enough, difficult enough and complicated enough to frighten even a strong youth, especially as the trial was set for the seventeenth of that same month. This litigation between the water company and the city authorities over water rates had started even before the San

Francisco disaster in 1906, and the strongest legal talent in the city was engaged in the case. Creed, however, consented to relieve Mr. McEnerney, and he worked night and day preparing for the opening of the trial.

"What are you doing here?" asked the powerful counsel for the city when Creed walked up to the counsel table to represent the water company.

"I can answer your question by telling you a story," replied Mr. Creed. "I heard Dwight Hillis preach a sermon in which he referred to himself as the successor to Henry Ward Beecher. In this case I am successor to Garret McEnerney."

"Well, you have got youth on your side!" was the laughing rejoinder.

Mr. Creed devoted himself with such intense application to the case in all its angles, and made so exhaustive a study of the rights and responsibilities of utility companies, the relation of their valuation to rates, etc., that he not only won the case, but earned a great reputation.

This led to Mr. Creed's being called in when the People's Water Company of Oakland got into financial difficulties through over-issuance of securities. The banking interests behind the enterprise prevailed upon him to undertake the task of reorganizing it. Mr. Creed took the



affairs of the company before the Railroad Commission, and, as he had studied every phase of the situation and knew where every pipe was, he was able to effect satisfactory rate and financial arrangements.

Out of this grew the East Bay Water Company, in 1916. The bankers wanted Mr. Creed to take the presidency, but he told them, "I am a lawyer. I don't want the position." However, before the end of the year, he agreed to act as president on the understanding that he would keep on with his legal practice.

Just as it was Mr. Creed's record at college which led President Wheeler to select him for an important position, and just as it was the record he made as a lawyer in the water fight with the city which led to his becoming president of the important East Bay Water Company, so it was his record as head of this enterprise which led to his becoming president of the Pacific Gas & Electric Company.

How did Mr. Creed go about transforming the East Bay Water Company from a decrepit, discredited, and disliked organization to a financially sound, respected, and popular company?

Immediately on assuming office, President Creed announced that he was going to make the company "respectable and respected." He impressed upon

everyone in the organization that the policy was to be characterized by frankness and openness, scrupulous honesty in deed as well as in word, supreme endeavor to improve the service and thus enhance the standing and credit of the company and place it in a position to make progress.

One of the old-timers in the business sidled up to the new president after his first talk to the organization and, with a puzzled, questioning look, asked in a whispering, confidential tone, "You don't mean it, do you? Isn't the idea to *get the money?*"

When he was convinced that the new president did mean it, this man promptly fell into line, and became one of the best members of the organization. An engineer who had shown great talent during the water rate fight as consulting engineer, George H. Wilhelm, was made general manager, and Charles E. Thatcher, who had made the Western Union extremely popular in San Francisco, was installed as assistant manager to handle all dealings with the public.

In due course every objective was attained.

Foresight and daring are two of Mr. Creed's outstanding qualities. His unmatched familiarity with the whole water supply situation enabled him to see that quite an ambitious project must be undertaken to prevent a water famine overtaking

various cities. Accordingly, he decided to build a huge dam and filter at San Pablo which would add some 14,000,000 gallons daily to the water supply. He estimated the cost at \$4,500,000. His proposal, however, was bitterly opposed by various interests, including the city attorneys, who wanted a different project carried out. The opposition was so strong and so influential that the Railroad Commission hesitated to sanction the plan.

"When you are sure you are right, go ahead," is one of Mr. Creed's favorite mottoes. In order to save time and to meet what he recognized was an emergency, he went ahead with the work and incurred the risk of spending several hundred thousand dollars before obtaining official sanction. Events proved the wisdom of this forehanded, courageous action. As Mr. Creed had foreseen, the growth of the various cities served was so rapid that this supply of water became absolutely essential.

Meanwhile, other important events were occurring in Mr. Creed's life. He had married Isabel Hooper, oldest daughter of C. A. Hooper, who, as a pioneer lumber man in California, had accumulated a vast amount of timber lands and ranches, and had invested millions in railway, industrial and other enterprises. When Mr. Hooper died in 1914, leaving no son, Mr. Creed became president

of C. A. Hooper & Co., and undertook the supervision of its multifarious affairs. This necessitated his joining many executive committees, embracing a range of interests stretching from banks to steel and canning and lumber export enterprises, with an excursion into building ships during the war.

Remember that during these years Mr. Creed was also devoting time to his highly successful law practice. Mr. Titus having retired, the firm became Creed, Jones & Dall.

Little wonder, therefore, that when important citizens of the State approached him in the Spring of 1920 and asked him to head the Pacific Gas & Electric Company, he should have declined, with the explanation that he was already engrossed in many large affairs. He added that he regarded the presidency of such an enterprise as a position carrying enormous responsibilities and calling for Herculean labors to equip the company to measure up to its possibilities and the coming requirements of the State. No; the suggestion was out of the question.

A month later he was again waited upon and urged to take hold of the company as an unselfish public service. He turned to his wife, and her sage counsel was, "Do what will make you happy." Into his own mind sprang these thoughts: A lawyer builds nothing. Hydro-electric

power is capable of doing tremendous things for the prosperity of California. Here is an opportunity to undertake a great, constructive, helpful, progressive work which, if properly accomplished, will enhance the wellbeing of all.

He would undertake the job. How could he in conscience refuse?

He hadn't a dollar of financial interest in the Pacific Gas & Electric Company; the work involved would be so arduous that he must give up his lucrative law practice; it would mean, also, relinquishing active direction of his water company; and it would curtail the time and attention he could devote to his own financial interests and those of his wife's family. But he concluded that service must outweigh money-making.

So, in July, 1920, he moved into his new office.

"What was the first thing you set about doing?" I asked.

"The most important thing about any organization is, obviously, the organization itself," Mr. Creed replied, with a smile. "So I started there. The purpose of an organization is to get, not one thing, but a thousand things done in orderly, efficient fashion and at the right time. You must get many things moving forward harmoniously; you must get them to synchronize; not even one must lag behind or it will bring discord. The successful

organization produces synchronized results, produces them harmoniously, produces them expeditiously, produces them economically.

“The construction department must get materials on time from the purchasing department. The financing must be done to fit into construction plans, and construction work must be finished on time to prevent wasting of interest on capital. The sales department must keep pace with expansion of product. Your engineering department must be able and ready to solve all kinds of problems that arise. A thousand and one units of work must all blend together into a symphony.

“More. An organization must do all this without creating friction within itself, or antagonizing the public. It must win goodwill, for it cannot prosper and progress in the teeth of harassing opposition and interference.”

Having been a lawyer for so many years, Mr. Creed is a stickler for “getting all the evidence,” as he expresses it; meaning, all the facts. He always wants a full picture. He always wants to hear all sides.

But Mr. Creed is broad and wise enough to realize that, just as “man cannot live by bread alone,” so a great business organization cannot function successfully on facts alone. Statistics and operations must have breathed into them



spirit in order to succeed. A public utility company must have the right motive in addition to motive power. In view of what has been told about the reasons and purposes which moved him to shoulder such heavy responsibilities, the following sentiments expressed by him will be accepted as sincere — and they unquestionably need to be assimilated by the heads of not a few of our big businesses:

“Not so long ago the national slogan was ‘Business is business.’ This represented fairly well the morality of the country. We insisted upon material development; we demanded results and, with some faint protests, we seemed to conclude that the ends sought were important enough to justify the means. The pendulum swung too far. Reaction came. To-day the sons and grandsons of the old captains of industry are not enlisted under the banner inscribed ‘Business is business’ simply because that inscription no longer reflects the national sentiment.

“This result has been achieved because, upon due consideration of all the evidence, the country rendered judgment that ‘Business is business’ is a bad thing for society. In other words, public opinion has been the effective force in improving the standards of ethics in business.

“But we cannot shut our eyes to the fact that

business has failed to tell its story fully enough or often enough. There is need of the story. Large numbers of our people lack understanding of the plain and simple economic factors controlling the operation of business, of the risks involved, of the service rendered by business, of the mutuality of interest between the people and large business units, of the importance to society and the welfare of the people that business make money and add to the national wealth, of the problems involved in the relation between employer and employee under modern conditions. Business cannot afford to be indifferent to this lack of understanding. The demagogue thrives on ignorance. Business should, therefore, pay as much attention to its public relations as it does to its finance, operation and distribution.

“The high road to greater progress runs along the line of co-operation between business and the public. This is a much higher standard to attain than periodical conflict or domination either by business or the public; but co-operation in its fullest sense cannot exist unless suspicion and distrust are removed. If the public be taken fully into the confidence of business, if the public knows and understands more about business, suspicion and distrust will largely disappear.

“But, after all, the business man must work

out his own salvation, without asking or expecting too much from others. His attention must be concentrated as much upon what he can give to the cause of human progress as upon what he can get. He will be expected to do justice to labor, to be serviceable in working out better solutions for all the human problems in business, to improve the relations between producer and consumer, to eliminate waste and excessive cost, where they exist, and to restrain purely selfish, mercenary instincts (of which business has no monopoly) by a sense of public spirit.

“At all times, the business man must be conscious of his obligation to help to right what seems wrong, or, in the light of more knowledge, may hereafter seem wrong. If he is slow to do this, if his attitude is recalcitrant, he may find himself overtaken by public ownership or strangled by regulatory legislation hastily applied and poorly conceived, an expression of retaliation and not of sound judgment. He can avoid these results by recognizing the tendencies of intelligent public opinion and by cultivating an idealism which shall precede and not follow the public conscience. He must let the public know what he is doing and why.”

Mr. Creed not only preaches this, but practises it.

Is there not in what follows a valuable, practical pointer for the managements of a great many large utility and other concerns in all parts of the country?

In the Summer of 1921 Mr. Creed and his fellow-executives decided to take the annual meeting of the company to the stockholders, by supplementing the legal annual meeting with a series of meetings throughout the company's territory. No fewer than thirty meetings were arranged, extending over a period of eight weeks. Approximately 12,000 accepted the invitations sent out, and many brought other members of their families.

Each meeting was addressed by President Creed, First Vice-President and General Manager John A. Britton, and Second Vice-President and Treasurer A. F. Hockenbeamer, while the local division officers also were on hand.

President Creed usually told the stockholders something like this: "This series of stockholders' meetings marks a pioneer movement in corporate management. English shareholders attend their annual meetings, filling very large halls; but the American stockholder is content to send his proxy. In a public utility company such as the Pacific Gas & Electric Company, which is owned by so large a part of the public, mostly Californians,

there is every reason for the executives of the company, in accordance with their policy of complete frankness, to go to their stockholders and furnish them with pertinent facts regarding the company and its business.

“Customer ownership is the best public ownership, and the thousands of stockholders of the Pacific Gas & Electric Company represent so large a part of the public that better and wider knowledge of the company’s affairs cannot help but be serviceable both to the company and to the public.”

The report of each officer was followed by an instrumental or vocal musical selection, and the meeting concluded by a twenty-minutes’ moving picture showing the company’s properties and its big construction work under way.

The reports rendered orally covered the following: condition of physical properties and operating results for the year; operating costs and conditions and operating problems of the future, by Mr. Britton; the “dollar story” of the company, i.e., such items as sources of revenue, cash on hand, revenue reinvested, purchasing policy, and new capital requirements, by Mr. Hockenbeamer; economic factors affecting the business, relation between par value of securities and value of company properties, principles of regulation, public relations

and the function of the company as a public servant, by Mr. Creed.

Each officer invited questions and announced that the door of his office was always open to stockholders and to the public, and the stockholders were urged to write or call for information if questions occurred to them later.

You will notice how prominently Mr. Creed brought his executive associates into the picture at these meetings. This is in line with the following definition I obtained from Mr. Creed of the ideal executive:

*The ideal executive is a man who builds up an organization of good men to do the work for him, and then sees that they get the credit for what they do.*

Like many utility men, Mr. Creed has very emphatic ideas about public ownership. He believes in public ownership *through the public owning the bonds and stocks of sound utility corporations*. He believes in a public utility enterprise being a people's enterprise, not a State or municipal or political enterprise.

This company, in fact, was a pioneer in the development of the customer-ownership movement. As long ago as in June, 1914, it started selling direct to users of its products its first preferred stock. In the first seven and a half years



such sales were made to 17,030 individuals, representing approximately \$26,000,000 par value of stock. From January 1, 1922, to March 1, 1923, no fewer than 11,525 individual sales were made, representing \$11,961,400 par value, making total individual sales to customers 28,555, aggregating \$37,879,000 par value of stock.

On March 1, 1923, there were 23,000 stockholders resident in California and 5,000 resident outside of the State.

And this customer ownership movement goes marching on day by day, week by week, month by month, transforming the Pacific Gas & Electric Company more and more into a truly publicly owned — California owned — enterprise for the development of electric power and gas power and fuel, and for the wider opening up and building up of the State's agricultural, industrial, mineral, and, so to speak, home-making resources.

It was to throw himself with all his heart and spirit into this inspiring work that Mr. Creed gave up his profitable legal practice and other money-making activities.

"The public utility industry," declared Mr. Creed with earnest emphasis, "has been revolutionized in its ethics and standards. Its ideal must be and now is *service*, and it is worth while devoting one's life to making this new ideal a

reality to the people. There is a tremendous lot of fun in dealing directly and frankly and honorably with the people, and in striving to promulgate in the public utility world that state of mind which makes a man say, 'What can I give?' instead of 'What can I get?'

"And then, the possibilities of hydro-electric development in our State are so vast, so picturesque, so appealing that they fire one's imagination and enthusiasm, and invest the work — even difficulties — with an interest, a fascination that cannot be known or appreciated by any man not engaged in great, broad-gauge, truly constructive work."

Mr. Creed dwelt at length upon the subject of organization. He said:

"No matter how theoretically correct an organization chart may be, no matter how logically and completely it may show the division of responsibilities and the assignment of duties, it will fail in fully meeting its purpose unless it has been constructed upon the fundamental principle that organization is a human problem and must create a method for leading varying human emotions and ambitions willingly to a collective effort in a common cause.

"What is the common cause on which all men can unite? It is service to society and contribu-

tion to human progress. The function of the company to serve and to 'give,' not merely to 'get,' must be made the idea of the organization.

"This wipes out the tendency to departmental domination and substitutes the idea of joint service to the company purpose; it creates a *company* point of view as contrasted with a departmental point of view; it produces co-operation in place of departmental individualism; it is the best safeguard against indifference, lethargy and selfishness; it makes for public spirit within the organization.

"The modern corporation is too large to be a one-man organization. No one man is wise enough to know all the details. But the responsibility of decision must rest somewhere. It is essential, therefore, that organization provide a means of getting *all* the evidence before the executive charged with the responsibility of decision. The complex inter-relations in present-day business units make it unwise to base decisions solely on the evidence of an operating department or a sales department or a public relations department. The committee system seems best adapted to producing all the evidence on which to base decisions affecting broad questions of company policy.

"Men ordinarily accept in good spirit decisions

adverse to their views if they know the decisions are based on complete and adequate evidence. It is important, therefore, that organization recognize the right to be heard. Any strong executive can issue fiat and enforce them, but fiat kill the spirit. How much better to decide important and far-reaching questions after hearings and upon evidence, and preserve the spirit.

“The P. G. & E. has created three major classes of departments: service departments, construction and operation departments, and business departments.

“The service departments are essentially professional in nature, giving to all other departments assistance along technical and specialized lines.

“The construction and operation departments are engaged directly in the mechanical and physical work involved in the production of goods and service. Their job is to produce and deliver.

“The business departments are engaged in the strictly commercial side of the enterprise. Their job is to conduct the business transactions of the company.

“The division and district offices constitute the ‘third dimension,’ providing for the geographic spread of the business and ‘tying in’ with the three major departments.

“One or two other points are interesting. The

engineering department is a service department. Its function is to do the planning and thinking ahead of the needs of the construction and operating departments. The purpose of this separation is to avoid dilution, to enable the construction and operating engineers to concentrate on their immediate work and problems and to recognize the specialization which has developed in engineering and to take advantage of it.

“The executive engineer is, amongst other things, an ‘auditor of performance,’ correlating company statistics and operating results.

“The employees’ welfare committee brings the chief executives in contact with employees’ representatives. The employees have an association with over 5,000 members who pay dues. Three representatives of this association are on the welfare committee. Among other things, this committee passes upon applications for pensions under the company pension system before they go to the executive committee of the company. No recommendation of the welfare committee to the executive committee has ever been disapproved.

“Then there is the personnel department, whose duty is to have an inventory of employees and be helpful both to employees and to executives. The department is solely a service department. It

does not hire, fire or promote, but collects and gives information to executives affecting personnel.

“ Finally, there is the committee system set up in the company’s organization plan. These committees function regularly, are fully attended, recognize the right to be heard, and afford a method for getting all the evidence relating to company problems and policies.”

I cannot close without repeating this little story which Mr. Creed related while enlarging upon the importance of organization in seeking to carry out large projects under modern conditions of industry and civilization:

A visitor to an insane asylum came across a guard, not armed, superintending the work of six huskies. “ Aren’t you afraid? ” asked the visitor. “ Oh, no, I can handle them.” “ But suppose they get together? ” “ If they had sense enough to get together they wouldn’t be here,” was the guard’s reply.



## CHARLES L. ANCENEY

JOINT-OWNER AND MANAGER OF THE LARGEST  
RANCH IN MONTANA.

“**W**HEN we caught a bad horse thief, we cut off his whole thumb. But if he was only an ordinary, half-way decent horse thief, we took only the first joint off his thumb. We branded highwaymen by taking off the first finger of the right hand—the trigger finger. Bank robbers were relieved of their middle finger. The all-round bad man had his next finger taken off, too.

“Out here in the West we have always gone in for branding our cattle so that we can know them. We branded thieves and highwaymen and other bad men so that everybody could know them, and know just what their special line of crime was. By taking a squint at a fellow’s right hand, you got a real line on him. Then you knew what to expect from him and could be on your guard to see that he didn’t try any of his little pranks on you or around your ranch.

“How many did I take a hand in branding? Ask me something else. I guess I did my share



CHARLES L. ANCNEY



as a decent citizen and didn't shrink from enforcing the law of the land.

"Did I have any narrow escapes? Oh, I don't know. I have been shot at, and have a few buckshots in me somewhere, but they don't bother me."

Thus spoke Charles L. Anceney, Montana ranchman of the old school, when I penetrated that state in search of a real ranchman who could tell of the days when the West was wild and bloody, and who properly could be selected as a typical example of that important class of men who are making the West, the ranchers. I could not have found a finer type had I roamed every square mile of the West.

Charlie Anceney, born in Denver, was taken as "a yearling," as he put it, in 1864, to Montana, then an inaccessible, unhospitable, untamed region of lawlessness, of highway robbery, of murder. Alder Gulch, located in that wild territory, was the chief rendezvous of the worst characters of the unsettled West, characters whose crimes became so cruel, so cold-blooded, so barefaced and so menacing to all law-abiding miners and other citizens that, to save their own lives, the decent pioneers banded themselves together into a Vigilante Committee and waged desperate and often dangerous warfare against the brazen, overbearing, bloodthirsty bandits. Charlie Anceney himself had to

face a few Vigilante tasks in his early days, and his father before him had encountered even rougher experiences in that same section of the West before there was set up any machinery for the enforcing of law and order.

I asked Mr. Anceney how he got his cattle to market in pre-railroad days. His answer forms strange reading in this age of swift railroad and motor transportation.

"We rounded up our cattle in June, anywhere from 1,800 to 2,400 of them, and started out to drive them to Bismarck, the end of the Northern Pacific line. To cover this distance of five hundred miles took us from the middle of June to early in October, between three and four months. We had to swim the Missouri River on our way. Once we experimented with a ferry, but the cattle took fright and banged out the side of the boat. Then there was some excitement.

"But not half so much excitement," he added as an afterthought, "as one night when one of the cowboys struck a match close to the herd and started a stampede. Cattle are like sheep in some ways; they usually have leaders and they get into the habit of following these leaders. This particular night the sudden striking of the match, for some reason or other, threw two or three of the nearest-by cattle into a panic, and off they bolted

like mad. Some of us were nearly trampled to death trying to corral them — oh, yes, cowboys do sometimes get trampled to death when a herd stampedes. The cattle at the rear simply bowl over the others in front of them when they try to stop, so that the leaders themselves sometimes get killed, as well as anybody who happens to get in the way.”

“ Did any Indians try to steal your cattle during those terribly long journeys through wild country? ” I asked.

“ Of course they did. We always had to have our guns ready for quick action. And the cattle-stealing Indians usually got quick action from our bunch. Our boys had a sort of code of honor that it was up to them to kill as many attacking Indians as Indians killed of our cattle. It was a case of getting them before they got you. When the Indians appeared on the warpath you didn’t stop to do any thinking about the right or wrong of shooting to kill; you knew darn well that if you didn’t shoot them they would kill you.”

After the cattle had been driven five hundred miles to market, they brought only three cents to five cents a pound. Chicago hadn’t yet become the great cattle market of America. The principal market was Buffalo.

I asked this veteran ranchman how the cattle



came to select leaders. He replied that it was rather a case of assuming leadership than being elected to leadership. The long journey never was under way any length of time before it became noticeable that the same cattle usually took the lead day after day. Others would fall in close behind, and they also usually kept their place in the herd, just as the tail end was usually brought up by the same stragglers. In handling cattle, especially when it came to rounding them up by night, the cowboys merely had to get the leaders to do what was wanted and the other cattle would follow suit. The herd apparently had the greatest confidence—blind confidence—in the animals that proved themselves the leaders. If the cowboys had started at the wrong end of the herd to try to get them under way in the morning, they would have got nowhere; there would have been nothing but confusion, no order, no progress.

Incidentally, a favorite trick of the Indians was to try to get near enough to do something to start a stampede; they figured that they would then have a good chance of separating a few of the cattle from the main herd and getting away with them.

Cattle thieves and marauding Indians weren't the only enemies ranchmen had to face. Seasons of deadly drought were occasionally suffered.

"The year 1886 was a bad one," Mr. Anceney

recalled. "First we had a terribly dry summer and then a particularly hard winter. We lost thousands of head of cattle, almost our whole herd. In the spring we found ourselves with only 76 head. All the others had died of starvation. There was no hay, no alfalfa, to feed them.

"We all had to go heavily into debt. We were charged  $12\frac{1}{2}$  per cent on mortgages, to run ten years."

At this stage of our talk a strapping young cowboy appeared — it was tiffin-time. Noticing that half of one of his fingers apparently was off, judging by the way it was bandaged, I asked his boss, with a smile, what particular brand of knave this fellow was! Anceney laughed, called the cowboy, introduced me to him — his name was Johnnie Floras — and told me this inspiring story:

Johnnie, a few days before this, was rounding up a lot of cattle when his broncho began to do a buck-and-wing dance. A ring on the cowboy's finger caught the head of a nail on the corral gate, and as the broncho leaped into the air, most of his finger was ripped off. At the hospital he refused to take ether or anything else. While the doctor was sawing off part of the stump the cowboy coolly remarked: "You don't need to hurry on my account, doc."

After hearing this I asked the cowboy if it didn't

hurt. He replied: "You bet it did, but —" He raised his shoulders as much as to say, "What did that matter?" I was not astonished to learn that this same cowboy had been all through the Argonne "push," but had talked mighty little about it since his return. His modesty matched his bravery.

This led me to prod the veteran rancher and ex-Vigilante to narrate more of his experiences before the law displaced the gun as a dispenser of justice. He hesitated to tell anything that might savor of boasting. I knew, however, that he had had many exciting episodes in his younger days and that he had won a wide reputation as the most fearless man in Montana — as well as a crack, lightning shot. I had been tipped off to be sure to get him to tell me how he cleaned out the last nest of robbers and cut-throats in that section of the country. Finally I succeeded in worming this out of him:

"It used to be that you couldn't convict anyone in this country for horse-stealing. I was then raising very fine horses for the New York, Boston, and other high-grade markets. A band of horse-thieves and ruffians had their headquarters in an out-of-the-way corner among the hills not very far from my place. I warned them to leave my animals alone.

"One day I missed a particularly fine saddle-horse, a beauty; he was a great favorite of mine.

I made straight for the thieves' camp that night. I said to them: 'I've missed such-and-such a horse. I'll give you till to-morrow to bring him back. If he isn't back, *something will happen.*'

"They looked at each other and they looked at me. They knew I meant business. Although their camp was stocked with guns and I was there among them all alone, without a gun, they didn't have the guts to put a bullet through me — though they would have liked to had they had the nerve.

"No; I wasn't a bit scared. I suppose I just wasn't born that way. I could look them square in the eye and they couldn't look me square in the eye — and they knew that I knew it.

"Oh, yes; my horse was back on the ranch the next day.

"They tried to get even with me by reporting that I was fencing off government land. A government agent arrived at my ranch one day and asked if I could show him how to get to Anceney's place. I told him I was the man he was looking for. He was taken aback. Then he told me the errand he was on. When I explained the kind of scum the informers were, and offered to take him over my ranch to see things for himself, he said he didn't want to go any further, that he was satisfied.

"Some time after this they got very bad. They had a quarrel over a woman who was sort of their

common property. They got fighting among themselves and, as one of them came and reported to me, murder was brewing.

"I thought it was time to clean them out. So I went and rounded them up, put them under arrest, and the whole lot were sent to the penitentiary.

"That wasn't so very many years ago, at that.

"Have you ever read Langford's book on the Vigilantes?" he suddenly asked. I hadn't. "If you want to get the truth about how things were in our country in the old days—the truth, too, about how fine a lot of men the Vigilantes were when they were badly needed and before they got a bad name, a long while after—you should get his book. Langford knew what he was talking about. He lived through the thick of the crime committed in the pioneer mining days. He knew a lot of the knaves that were strung up."

Well, I did get *Vigilante Days and Ways*, by N. P. Langford, and found this in the introduction:

"Up to this time—the early sixties—fear of punishment had exercised no restraining influence on the conduct of men who had organized murder and robbery into a steady pursuit. They hesitated at no atrocity necessary to accomplish their guilty designs. Murder with them was resorted to as the most available means of concealing robbery, and the two crimes were generally coin-

cident. The country, filled with canyons, gulches, and mountain passes, was especially adapted to their purposes, and the unpeopled distances between mining camps afforded ample opportunity for carrying them into execution. Pack trains and companies, stage coaches and express messengers, were as much exposed as the solitary traveller, and often selected as objects of attack. Miners, who had spent months of hard labor in the placers in the accumulation of a few hundreds of dollars, were never heard of after they left the mines to return to their distant homes. Men were daily and nightly robbed and murdered in the camps. There was no limit to this system of organized brigandage."

Here are extracts, from a chapter on "Virginia City Executions," which give a vivid picture of how the Vigilantes did their work:

"Having ascertained that six of the robber band were still remaining in Virginia City, the Executive Committee (of the Vigilantes) decided upon effectual means for their immediate arrest. An order was quietly made for the Vigilantes to assemble at night in sufficient force to surround the city. The city was encircled, after nightfall, by more than five hundred armed men, so quietly that none within, except the Vigilantes, knew of it until morning. All that long winter night, while that



cordon of iron men was quietly stretching along the heights overlooking the city, the Executive Committee sat in council, deliberating upon the evidences of guilt against the men enmeshed in their toils.

“Morning broke, cold and cloudy, discovering to the eyes of the citizens the pickets of the Vigilantes. The city was like an intrenched camp. Hundreds of men, with guns at the shoulder, were marching through the snow on all the surrounding hillsides, with military regularity and precision.

“Messengers were sent to the different towns in the gulch to summon the Vigilantes to appear forthwith, and take part in the trial of the ruffians. At the same time parties were detailed to arrest and bring the criminals before the Committee. Boone Helm, Jack Gallagher, Frank Parish, Hayes Lyons, George Lane, and Bill Hunter were known to be in the city at the time the picket guard was stationed. Of these, Hunter had escaped. . . .

“The examination being over, preparations were made for the execution of the convicts. These were very simple. The central cross-beam of an unfinished log store, cornering upon two of the principal streets, was selected for a scaffold. The building was roofless, and its spacious open front exposed the interior to the full view of the crowd. The ropes, five in number, were drawn across the

beam to a proper length, and fastened firmly to the logs in the rear basement. Under each noose was placed a large, empty dry-goods box, with cord attached, for the drops.

“ ‘ You are now,’ said the president, addressing them, ‘ to be conducted to the scaffold. An opportunity is given you to make your last requests and communications.’

“ The prisoners separately declined to make any communication. When the guards were about to fasten their arms, Jack Gallagher, with an oath, exclaimed:

“ ‘ I will not be hung in public,’ and, drawing his pocket-knife, he applied the blade to his throat, saying, ‘ I will cut my throat first.’

“ The executive officer instantly cocked and presented his pistol.

“ ‘ If you make another move of your arm,’ he said, ‘ I will shoot you like a dog. Take the knife from him, and pinion him at once,’ he continued, addressing the guard. The ruffian cursed horribly all the while his arms were being tied.

“ Boone Helm, with customary profanity, said to Gallagher in a consolatory tone:

“ ‘ Don’t make a fool of yourself, Jack. There’s no use or sense in being afraid to die.’

“ Gallagher, catching the eye of an acquaintance, called to him in a loud tone:

“ ‘ Say, old fellow, I’m going to heaven. I’ll be there in time to open the gate for you.’ ”

“ ‘ Halloo, Bill! ’ said Boone Helm to one in the crowd, ‘ they’ve got me this time; got me, sure, and no mistake.’ ”

“ After the nooses were adjusted, the chief of the Committee said to the prisoners:

“ ‘ You are now about to be executed. If you have any dying requests to make, this is your last opportunity. You may be assured they shall be carefully heeded.’ ”

“ Jack Gallagher broke in with a leer:

“ ‘ How do I look, boys, with a halter around my neck? ’ The grim effort failed to elicit a smile.

“ ‘ Your time is very short,’ said the chief, again reminding them that their requests would be listened to.

“ ‘ Well, then,’ said Gallagher, ‘ I want one more drink of whiskey before I die.’ ”

“ ‘ We told ’em,’ said an old miner, ‘ that we’d do whatever they asked. Give him the liquor.’ ”

“ A man appeared in a moment with a tumbler nearly full. Raising it as high as he could, the prisoner bent his head, but was restrained by the rope from touching the glass with his lips. Throwing his head back, he turned on the box, and, looking back upon the fastenings of the rope to the basement log at the rear of the building, in a loud

and imperious tone he launched a profane and vulgar epithet at the guard, saying: 'Slacken that rope, quick, and let a man take a parting drink, won't you?'

"The rope was loosed, while the depraved wretch drained the tumbler at a draught. While the guard was refastening it, he exclaimed:

" 'I hope the Almighty will strike every one of you with forked lightning and that I shall meet you all in the lowest pit of h ——.'

"No more requests being made, the men laid hold of the cords attached to the box occupied by George Lane. Just at that moment the unhappy wretch descried an old friend clinging to the building, to obtain a sight of the execution.

" 'Good-bye, old fellow,' said he. 'I'm gone,' and, without waiting for the box to be removed, he leaped from it, and died with hardly a struggle.

" 'There goes one to h ——,' muttered Boone Helm.

"Gallagher cried and swore by turns.

" 'I hope,' said he, 'that forked lightning will strike every strangling villain of you.' The box, flying from under his feet, stopped an oath in its utterance.

"Kick away, old fellow," said Boone Helm, calmly surveying the struggles of the dying wretch. 'My turn comes next, I'll be in h —— with you in a minute.' "

Resuming his own story, Charlie Anceney recalled: "In our section of Montana — Montana used to be a part of Idaho — we organized a Vigilante Committee. Every cattle owner had to show up for duty or else send a man. The rustlers were very bad and there were no laws to stop them. Some of these fellows were the cleverest cow-punchers you ever saw. They could steal cattle off a ranch and change the brand on them as slick as you like — they could fool even the man, the owner, who had done the original branding.

"Well, we got together; we organized. And we sure did clean 'em up one summer."

"How? "

"Why, we strung 'em up, of course."

Then, he added, his face breaking into a smile:

"But you have now far more hold-ups in your big cities than we have. There are no hold-ups in Montana any more. Nobody here thinks of locking any outside doors on any ranch. There is hardly a door bolted at night in Bozeman, our nearest town. Two old men act as policemen, but they don't have much to do. You have to come West to strike the really tame, civilized people.

"Another thing I don't like about your big cities," Anceney went on, "is that you breathe the same air over and over again. We have plenty of the fresh variety here. We don't have to breathe

any of it twice. There is more than enough to go round — fresh from the mountains and the woods and the fields.”

Mr. Langford also emphasizes Montana’s extraordinary freedom from lawlessness. He says: “The terror which popular justice inspired in the criminal population has never been forgotten. To this day crime has been less frequent in occurrence in Montana than in any other of the new Territories, and no banded criminals have made that Territory an abiding place.”

Ranchers, like the rest of us, have their ups and downs. Just as a misfortune has often proved the turning-point in the history of a business enterprise, so was it with Charlie Anceney.

A series of bad seasons and unprofitable prices landed him in debt.

Anceney was unhappy. It had always been his custom to meet his obligations and meet them promptly. This time Fate had dealt him a staggering blow. He was willing to do anything, to sell everything in order to clear his feet. It was not that those he was indebted to were pressing him for payment; only, the thought of these debts pressed on his mind day and night. He went to a banker in Helena, told him fully about his circumstances, and urged him, pleaded with him, to buy his ranch. It was worth, he explained to the



banker, much more than he owed, but he was willing to sell for just enough to take him out of debt.

This banker already had many and important interests and had no desire to buy the ranch. But there was something about his visitor which made an impression. He rang true. His sincerity manifestly was deep. His anxiety to meet his obligations had a moving influence upon the banker. Finally, and somewhat reluctantly, this banker — Harry W. Child, one of the ablest and best-known men in the West, who, among other things, runs all the hotels and all the transportation facilities in Yellowstone Park — sent a man to look over the ranch.

Everything was as represented by the honest rancher. Mr. Child had always been interested in farming, had always been fond of horses and cattle, and he had taken a fancy to Anceney. Just as important corporation mergers are sometimes arranged mainly to secure the services of a certain star executive, Mr. Child agreed to become interested in the ranch provided Anceney became his partner and undertook the practical management. Anceney readily agreed.

“Now, go out and buy all the land within sight,” Mr. Child instructed his partner. “I’ll finance your share of the cost.”

This agricultural empire of more than a half-a-

million acres stretches 26 miles in one direction and even farther in the other, with parts running miles upon miles up to mountain summits which form an impassable barrier to beast and man. Over 200,000 acres are carefully fenced.

Lying mainly in the Gallatin Valley, between Bozeman and Helena, the fertile soil is capable of supporting many, many thousands of cattle. During certain seasons from 15,000 to 20,000 head are undergoing the fattening process.

It is not uncommon for the Flying-D Ranch, as it is called, to yield 100,000 bushels of wheat in a year and as much as 15,000 tons of hay, to say nothing of oats, barley, and other crops.

Two-year-old cattle are bought by the thousand, turned into sections of the ranch, and permitted to work their way far up the wooded mountain sides. In due season they browse back again towards the valley, and, at the right time, first one and then another collection of the choicest animals are rounded up, loaded on a special train, and taken to Chicago. Mr. Anceney always accompanies these valuably-freighted trains and watches over his charges with all the solicitude of a parent tending his children. The Flying-D brand has become a favorite with the buyers for the large packers and the prices obtained are usually above those paid for ordinary cattle.

We Eastern tenderfeet talk about our wonderful industrial efficiency. How many cowboys, do you think, are needed to take care of the vast herds on the Child-Anceney ranch? A hundred? Fifty? No. *Three.*

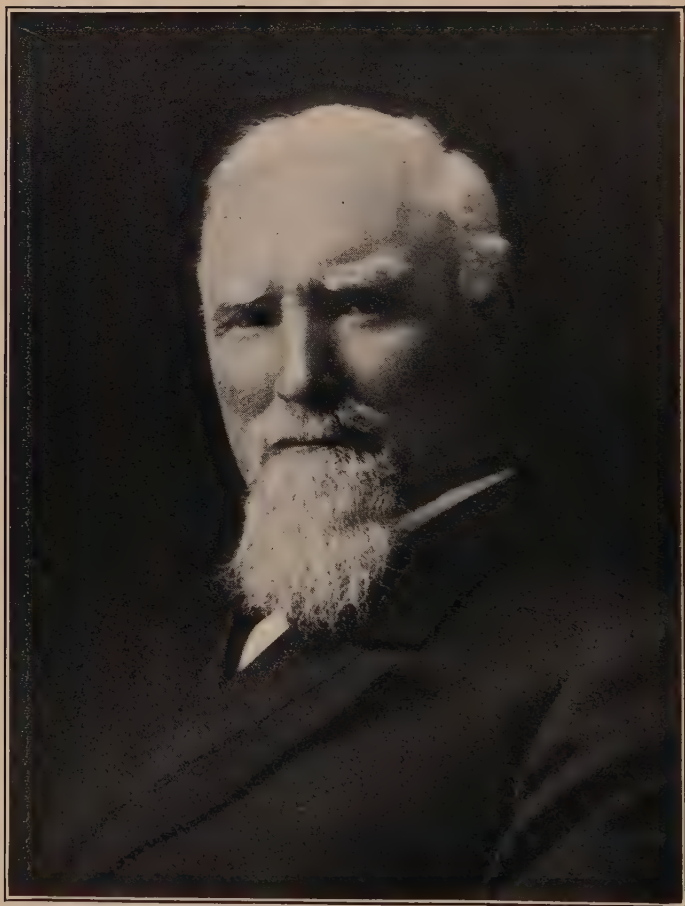
The wheat and other crops are cultivated by tenant partners, who share their harvest in lieu of rent.

On my visit to the ranch I fell in love with Mr. Anceney's young children. I never saw healthier, sturdier-looking youngsters. Both Mr. and Mrs. Anceney, too, looked the picture of health and strength. The stunts the children perform on bronchos, both bucking and broken, would make your hair stand on end. An occasional broken bone is accepted as part of the game.

In debt fifteen years ago, Charlie Anceney, thanks to his capable management, is to-day a millionaire. Yet he is as modest, as industrious, as constantly on the job in working togs as in the days when the daily round sometimes called for lopping off a cattle stealer's finger or "stringing up" a bandit.

Is not Charlie Anceney entitled to be enrolled as one of the "Men Who Are Making the West"?





CAPTAIN ROBERT DOLLAR

## ROBERT DOLLAR

FOUNDER, THE DOLLAR STEAMSHIP LINES

**F**ROM cook's boy in a lumber shanty in the uninhabited wilds of northern Canada to lumber "king," world-wide mercantile trader, founder of a now-famous steamship line and organizer of the world's first round-the-world all-American-owned passenger and freight shipping fleet — that epitomizes in one sentence the career of Robert Dollar, often called "The Grand Old Man of the Pacific Coast."

Read this newspaper dispatch:

WASHINGTON, September 12, 1913. The sale of seven Government passenger and freight ships for use in a regular round-the-world service was announced to-day by Chairman Farley of the Shipping Board. The purchaser is the Dollar Line of San Francisco.

Chairman Farley stated that this would be the first round-the-world service of the kind ever established, since no ships are now in continuous service around the world under any flag.

The vessels sold were the President Garfield, President Monroe, President Adams, President Van



Buren, President Polk, President Hayes and President Harrison.

They have 10,533 tons gross register and 6,195 tons net. Each has accommodations for about 120 passengers.

The round-the-world service will start at San Francisco and will touch at Japan, China, the Philippines, Java, Straits Settlements, Singapore, India, thence through the Suez Canal to Egypt and Mediterranean ports, thence to New York and then through the Panama Canal to San Francisco.

Robert Dollar has undertaken this unique, this colossally-difficult enterprise in his eightieth year!

"He will be only an onlooker, or, at most, an adviser from a comfortable chair in his office or home," you remark?

You do not know this intrepid veteran, you do not know the stuff he is made of, you do not know his habits, his outlook on life, his plans stretching a decade or more ahead.

Stay at home in an armchair! Here are extracts from letters received from him after his decision to establish his round-the-world line:

"I have been in Portland looking over our mill there and the woods where we are logging in Oregon, and have just come to Vancouver to look over our situation here. I will return to Seattle to-morrow night and will sail on Saturday, Nov. 10, at noon.

“ My intention is to go to Kobe, and then from there on I will go from time to time to different ports on one of our own steamers. I will write you from time to time as I go along.

“ I have become very much interested in this round-the-world service of ours on account of the very complimentary remarks that have appeared in many British papers, and especially in the *Liverpool Journal of Commerce*, which published a long editorial and paid the highest compliment to us by stating that if anyone could make the line succeed that we would be able to do it. This is especially pleasing because we could not expect anything but criticism and adverse comments about a competing line like ours.

“ I fully appreciate that this is a gigantic operation that we have tackled, but I feel quite confident that we will make a success of it.”

So much for this latest exploit — latest, that is, at this writing, the close of 1923, although from what I hear there are likely to be other important developments and expansions before this book is well off the press, for Robert Dollar combines all the enthusiasm of a young man with his profound experience of half-a-century. At this instant there flashes into my mind an incident which I cannot resist telling you, as it illuminates the make-up of this entrepreneur.

I was to have lunch with him at the India House, the quaint, old-world meeting and dining place of shipowners, foreign trade men, international bankers and others, in down-town New York. We were hurrying. A marine friend, middle-aged, hailed him on entering.

"Always going at a good clip, Captain!" he saluted. "Why the hurry?"

"It's all very well for you youngsters to take your time about things," responded Mr. Dollar, his eyes twinkling. "You can count on forty years more to get things done, but I can't very well count on much more than twenty more. So I have to do things twice as fast!"

Let us jump from the present to the past, from to-day to yesteryear, from the eventide of Robert Dollar's life to its sunrise.

The cook-boy in a remote Canadian lumber camp was caught off guard.

"What are you up to?" demanded the boss.

The boy, startled, crumpled up a sheet of rough paper he had spread on top of a flour barrel.

"I've finished my work," he apologized.

"What were you doing?" asked the boss.

"When I have any spare time I like to learn," he explained timidly.

"Learn what?"

"To figure and write."

The camp manager picked up the crumpled paper. It was covered with figures and writing.

He said no more.

When Li Yuen-hung was chosen President of China one of the first things he did was to send this ex-cook-boy a cable expressing a desire for his friendship. Yuan Shi-kai, his predecessor, had decorated the former lumber camp lad. So had the last Emperor of China. The cook-boy is one of the most influential counsellors of the Chinese Government and almost an idol in the eyes of the Chinese people.

Robert Dollar also is the foremost producer and exporter of lumber in the United States; the owner of two fleets of steamers — one for coastal, the other for overseas trade; the greatest individual creator of commerce between the Pacific Coast and the Orient; a still greater creator and cementer of friendship between the Orient and the Occident, and this country's most potent worker for the establishment of a powerful American merchant marine. Also, a philanthropist.

It was Robert Dollar who led the unsuccessful fight against the enactment of the suicidal La Follette Seamen's bill which immediately swept the Stars and Stripes from the Pacific Ocean and gave the Japanese complete control of the commerce between the Orient and the United States before the

American people had their eyes opened to the gravity of the situation.

The law was found to be so impossible that Washington was obliged to announce that certain features of it would not — because they *could* not — be enforced.

“All we shipowners want,” Captain Dollar repeatedly told the Government in these pre-war days, “is to be put on an equal footing with other nations. Give us equal laws and we will give you a merchant marine rivalling that of a century ago, when the Stars and Stripes carried nine-tenths of the United States overseas commerce.”

Patriotic American though Captain Dollar is, he was compelled by our absurd laws to run his overseas fleet under an alien flag and from an alien port. Whereas his ships used to sail from California, their headquarters were removed to Vancouver, British Columbia, which levies toll, of course, on every ton entering her harbors and gets the railroad haul of merchandise which ought to pass over none but American lines and be handled by none but American workmen.

By what steps and by what qualities did Robert Dollar climb from the cook's shanty to the ownership of steamship lines and a vast timber business, honored by election to the presidency of both the Chamber of Commerce and the Merchants' Ex-

change of San Francisco, by selection as a director of the Foreign Trade Council, by decorations from Peking and by receiving the Freedom of the Borough and the keys of his Scottish birthplace?

Few of America's business leaders began more humbly. He was born in a little home above a lumber firm's office at Falkirk, Scotland, in 1844. When twelve he was taken from school to earn a few shillings as office-boy with a shipping company. The family emigrated to Ottawa a year later and little Robert, when under fourteen, was dispatched 200 miles from civilization to a lumber camp. Even to-day lumber camps are not always Sunday-school centres; then they were — well, less so.

The most menial job of all was that of "cook's boy." When the food did not come up to the expectations of the hungry lumber jacks, the person who set it in front of them was lucky if he encountered nothing more damaging than a volley of terrible oaths.

But Bob Dollar manifestly was doing his best and most of the rough diamonds came to have rather a warm spot for him in their hearts — especially as he could be called in to read or write a love letter for those who could use axes very effectively but pens not at all.

When the camp manager, Hiram Robinson, caught the cook's boy struggling with addition and



subtraction, multiplication and division, and calligraphy, he did not dismiss him for using the company's time for such a purpose, but quietly began providing the ambitious little fellow with books, and also saw to it that leisure was provided for study.

The lad did not confine his studies to books or to cookery. He learned how to fell trees, how to tell good lumber from bad, and, not least important, how to get along with the uncouth workmen. Before he had had his first shave he was playing the part, not of a boy, but of a man, able to hold his own when trouble broke out.

"Take a drive down the river Du Moine. Take fifty men with you," was the order he received one day from the camp manager. This was the first drive of saw logs undertaken from the Du Moine district over the Chaudière Falls, a route subsequently taken by many millions of Ottawa-bound logs. Dollar, though only twenty-one, managed the men and the venture successfully. As a reward he was made foreman over a big gang.

Two things all Scottish children are taught — the Bible and thrift. Lumber-jack Dollar had saved most of his hard-won wages, though the pay was only \$10 a month at the start. Another trait is independence — the northern Scots claim that they are the only people the Romans failed to

lick after trying. He had enough money when twenty-seven to buy a modest bit of timber land and, with high hopes and unbounded optimism, started operations.

Alas! "Wall Street" upset all his plans and plunged him into bankruptcy — not because he had speculated on a "sure-thing" tip; it was the panic of Black Friday which ruined him as it ruined many stronger business men.

He had learned, however, how to take knocks. Without difficulty he found a good job as manager of an important lumber establishment. He saved every penny that came within his reach and paid off all his debts in full within four years — he was and is an ardent believer in the Golden Rule and its Founder. His employer took him into partnership and this time things moved more satisfactorily. Their product consisted chiefly of hewn-board timber for export to England.

"Captain Dollar is from Missouri — from the heart of Missouri," one of his managers said to me. "He must always be shown; he wants to see things for himself — even if he has to travel one thousand or ten thousand miles to see them. He is one of the best-travelled men in the world. He always gets at the bottom of everything. He is intensely practical and has scant regard for untested theories. He keeps his eyes open all the

time for new opportunities. He is the most resourceful man in America."

Perhaps this explains why he moved first to Michigan, where larger and better timber could be had, and later to the Pacific Coast. He began lumbering redwood in northern California but grudged the amount he was charged for transporting his output. He investigated. Discovering that if he could get a ship of his own he could cut the cost to half, he bought a little tub, the *Newsboy*, of some 300 tons. It paid for itself in less than a year.

This appealed to the Scot! If one twopenny boat could earn so much, why not get hold of more boats? He did.

And that was the birth of the now famous Robert Dollar Steamship Company, with one fleet of vessels in the coastwise trade running all the way from Alaska to the Panama Canal, and another fleet plying between the Pacific Coast and the Orient, with branches in Shanghai, Hong Kong, Tientsin, Hankow, Nanking, Wuchang, Ichang, Chunking, Hanchoufu, Chengchow, Peking, Genoa, Singapore, Calcutta, Marseilles, Kobe, Manila, Vancouver, Dollarton, B. C., Chicago, Seattle and New York.

The business did not grow of its own accord; it had to be built up from the foundation. It called

for foresight, enterprise, energy, diplomacy, patience, perseverance, and the most scrupulous fair-dealing, for no race is more quick to resent questionable practices than the Chinese.

When Captain Dollar first began to ship lumber to the Orient the demand was solely for the very largest pieces. This left a by-product of small boards which could not be shipped. He knew that the Chinese did not use these enormous sizes but that nearly all of them were cut into small pieces by hand-saws. The resourceful Dollar began persuading his Chinese customers to take a sprinkling of these small sizes. He took a trip to the Celestial Empire and created a market for his by-product.

Return cargoes were then not to be had. As there was no profit in running empty steamers, trade must be developed. Off he went to find out what could be done about it. When he got to the Philippines he made arrangements to import mahogany and copra. Japan, he discovered, could supply oak, sulphur, coke, and coal. China yielded a grade of pig iron which Western mills would snap up as fast as it could be brought over.

While the Dollar Steamship Company trades with India, Japan, the Philippines, and other ports, its largest business is with China, where Robert

Dollar has come to be revered to a degree not easily understood by the untravelled American.

"Never try to cheat a Chinaman," Captain Dollar impresses upon every one who would do business with the Chinese. Confucius taught them that "honesty is the best policy," and the Chinese live strictly up to this axiom. In addressing the United States Chamber of Commerce he said: "In all our years of trading with the Chinese, involving many millions of dollars, we have never lost a single cent, never had one bad debt. I wish we could say the same of other countries, including our own."

Time and again Captain Dollar, on going aboard one of his ships on the Pacific to inspect the outgoing cargo, has ordered thousands upon thousands of boards dumped back on the pier because they were not in every particular exactly what the Chinese buyers had ordered. Sometimes the mills had sent better grades, but the Chinaman wanted just what he bargained for and would feel aggrieved were the contract not lived up to scrupulously.

"The Captain never bluffs and cannot be bluffed," one of his associates told me. "I remember once a customer sent in a large claim on the ground that the lumber delivered was of inferior quality. When we went to the yard the

owner had two or three hundred boards lined up and told us they were a fair sample of the whole consignment and he wanted an adjustment on that basis. The rest of the boards had been stacked up in piles twenty-five or thirty feet high. 'It is all like this,' the customer declared, pointing to the inferior boards. 'Let's have a look at it,' said the Captain. 'Oh,' said the buyer, 'you can't climb up these piles.' There was no other way to get at the stuff, so the Captain, although nearly seventy, shinnied to the top almost as fast as a monkey. There was not a bad board in sight! He was from Missouri, as I told you before."

Robert Dollar has done more to prevent strife and promote peace between America and the Orient than any living statesman.

When war was threatened between this country and Japan over the San Francisco school question, Captain Dollar succeeded in getting up a party of commercial men from different chambers of commerce to visit Japan, where he is almost as well known and as highly regarded as in China. The Emperor himself received the delegation. The *entente cordiale* was reëstablished. After that the jingoes could make no headway with their militant propaganda.

Two years later Captain Dollar organized an influential commission to visit China. Their re-



ception by the Emperor, by Governmental dignitaries, by cities and by commercial organizations eclipsed in ceremony and display anything before or since extended to foreign visitors. Captain Dollar's diary of this memorable trip (he has kept diaries without a break for sixty years) was later published for private circulation at the insistent request of friends; it gives a better insight into the nation which comprises one-third of the human race than any other publication I have ever read. It is sprinkled with wit and humor. The distinguished Chinese delegation, headed by Cheng Hsun-chang, which visited the United States and created nation-wide interest in 1915, was China's fitting way of returning the Dollar delegation's visit.

Mr. Dollar, as his photograph shows, is a patriarchal figure with his silver-white hair and beard. He works prodigiously, especially before most of America's 110,000,000 people are out of bed. He spends a goodly part of his time and his means in philanthropic and church work, being especially interested in furthering the Young Men's Christian Association movement in China and in other parts of the world as well as at home. Recently (in 1923) Mr. and Mrs. Dollar presented a wonderful set of chimes to the San Francisco Theological Seminary. His native town in Scotland has not been

forgotten; his gifts to it include elaborate swimming baths.

In the course of our frequent heart-to-heart talks Mr. Dollar has let fall many words of wisdom. There is room here for only these few:

“Fear God and be just and honest to your fellowmen. The Brotherhood of Man can best be established on earth by commerce and Christianity.

“Read the Bible thoughtfully every morning. I have done that for some forty years and I attribute to this habit much of whatever success has come to me.

“The older I grow, the more convinced I become of the folly of anyone thinking they can make headway in business by using crooked or dishonorable means.

“Never promise unless you are perfectly sure you can and will perform.

“The easiest competitor of all to lick is the one who indulges in intoxicating liquors. Whiskey and business don’t mix.

“Spurts of hard work are of no use; it is steady, persevering, continuing hard work that wins.

“Don’t let difficulties discourage you; hardships have the same effect upon a man made of the right stuff as blows have upon a piece of steel that is being tempered.

“Foresight, perhaps the most important quality of all in business, is nothing but common sense; but common sense, or judgment, can only be acquired by thorough mastery of all angles of your business.

“The young man in any walk of life shouldn’t find it hard to cultivate the forward-looking habit. I don’t see how he can avoid developing if he enjoys his work and concentrates his mind on it.

“‘Be ready’ is the best advice I, or anyone else, can give a young man, or anyone else, anxious to get ahead. It is more than half the battle. If you have so utilized your time, and your mind, that you are fully prepared, then, when Opportunity appears in the offing, you can go straight after her, and seize her before the other fellow, who is not so well prepared, can grab her. If you keep well ahead of your duties, and do not let them push you, you have time and inclination to think ahead and look ahead and be ready to act ahead.

“Let no young man seek a soft snap. Avoid the easy, lazy job. Shun the position that calls for little or no exertion, that does not keep you constantly on tiptoe in an effort to fill it well — better, in fact, than it was ever filled before.

“There would be greater prosperity, greater health, greater happiness throughout the whole world if all business men, as well as others, would

set up the Golden Rule as their guiding principle. It is the only way to build up a permanently successful organization. And there is not much satisfaction in running a business on crooked lines."

Doing business in all parts of the world begets strange experiences. When I quizzed Mr. Dollar on this subject, he replied:

"Not long ago, while one of our ships was 1,800 miles up the Yangtze River, it was boarded by a lot of armed fellows who demanded \$65,000. An American gunboat happened to be nearby, but when our captain talked with the commander they agreed that the only thing to do was to hand over the money — a lot of big guns overlooked the river at this point and could have sunk both ships in a jiffy."

One of the Oriental offices of the Dollar Line was attacked and looted so often that a dozen marines were ordered to sleep in it overnight. And the right number of quick-firing guns was installed.

When I remarked to Mr. Dollar that doing business in the Orient these days apparently was more exciting than profitable, he replied: "Things are a bit rocky out there just now, as the political situation is weak. But you can't expect to have smooth sailing at all places at all times. We are doing business with other countries and other

places where things are all right. I long since learned to take the bad with the good and not to worry too much about the bad. If you just keep on the job and use the best way you can the brains God has given you, the average will work out all right in the long run.

"Why have I been able to keep in harness so many years? Between you and me, I think it is because I have always had a sense of humor. And I have always tried to look on the bright side of things. Man alive, how could I feel pessimistic when I can look back and recall the time—less than forty years ago—when there were only four ships in the Pacific trade, four little things of twenty-five hundred tons? The best way to get a line on the future is to compare it with progress in the past. When I do that—well, do you blame me for being an optimist and for laying plans for very much bigger things in the future?"

Some time ago a septuagenarian visited octogenarian Hiram Robinson, at Ottawa.

"You don't remember me?" asked the visitor.

The old man peered at him a moment.

"Don't I?" he cried, holding out his hand.

"You are Bob Dollar, my old cook-boy."

The millionaire ex-cook-boy left Hiram happy, for the aged lumberman was the boss who caught

him learning to read and write and who made the ascent of the ladder of success a little easier.

Nearing his eightieth birthday, Mr. Dollar concluded a letter to the writer with this sentence: "No person in America, I feel, has more reason to thank God than I have had."

An ideal way to feel after a long, long life, is it not?



## AMADEO P. GIANNINI

PRESIDENT, BANK OF ITALY, CALIFORNIA.

**H**ERE'S THE story of an unusual career.

It is the story of a lad, who, when only twelve, began rising regularly at twelve or one o'clock in the morning, worked on wharves until school-time, resumed work immediately after school — and headed every class.

It is the story of a youth who won a partnership when nineteen, and made the business the greatest of its kind on the Pacific Coast.

It is the story of a young man who decided to retire from active business at thirty-one, with enough money to supply his modest wants for the rest of his life.

It is the story of a business man who became a bank director, didn't like the way banking was conducted, and decided to establish a bank of his own.

It is the story of the banker who to-day has the largest number of depositors in the United States.

It is the story of a pioneer of branch banking, whose institution to-day has more than seventy branches serving every part of his state.



A. P. GIANNINI



It is the story of a man who attributes the magnitude of his achievements largely to the bitter fight waged against him by competitors.

It is the story of a banker who keeps his institution and all of his associates out of speculation of every kind, out of promotions, out of deals of any and every description yielding a "rake-off" to those supplying the funds.

It is — perhaps most unusual of all — the story of a man who, although at the head of a bank having more than a quarter-of-a-billion dollars in deposits, and though the dominating power in other important financial institutions, declares: "I am not a millionaire, and I never expect or hope to be one. I have no ambition to become very rich."

It is the story of A. P. Giannini, president of the Bank of Italy, California, the largest bank west of Chicago.

Mr. Giannini's character, Mr. Giannini's personality, has as many facets as a many-carat diamond. Physically he is a giant. He has almost solved the problem of perpetual motion: he doesn't sit down as much as sixty minutes during the day, but keeps constantly on the go, even doing most of his reading while standing up or walking to and fro. He spends relatively few hours in bed, and many of those hours are devoted

to laying plans for the next day, next week, next month, next year.

He thrives on obstacles and opposition — it has been said of him, "He would rather fight than eat." He delights in building up a successful organization; but he finds his energies seeking a new channel once his organization is running smoothly and profitably. His chief thrill in life is in tackling and accomplishing what others declare to be impossible. Work is his hobby, particularly planning for bigger and better constructive achievements in the future. He has never been licked in anything he set out to accomplish. He joys in winning but cares nothing for personal wealth.

He has worked out for himself a business philosophy which will interest other bankers, business men in general, and especially America's younger generation.

But before setting down Mr. Giannini's words, let us trace his career.

Amadeo P. Giannini was born of sturdy Italian stock, on a little farm near San Jose, California, on May 6, 1870. Hard work was the rule in this industrious family. The boy was thus early introduced to daily chores. The father died when A. P. was only seven.

His mother, a particularly bright and ambitious

young woman, married an equally bright and ambitious young man, L. Scatena, and the family moved from San Jose to San Francisco when the boy was twelve years old. Fortunately for the young lad, the stepfather was in a line of business which appealed to a child of the farm, namely, the fruit and produce commission business.

It may not be always true that the boy foretells the man, but it was so in the case of twelve-year-old A. P. Giannini. He at once threw himself enthusiastically into the business. Of his own freewill, he began getting up shortly after midnight and climbing on the first produce wagon which came along bound for the fruit market at the docks. His mother objected to such early rising; she wanted her boy to devote himself to his lessons. But the husky lad felt confident that he could both work and study.

So, in order to elude his mother, he got up and dressed very quietly, tip-toed downstairs in his stockings, and then put on his shoes on the sidewalk!

His stepfather found him so extremely useful, and the mother discovered that he was so well up in his classes, that objections to his self-selected strenuous life were modified. For several years the boy's daily schedule was this: up shortly after midnight, down hustling at the docks until school-



time, back to business immediately after school, more work until late in the afternoon, home for supper and study, and then to bed early.

At first, the lad copied the manifests of all the boats bringing in supplies of produce and fruit. This gave his stepfather complete information covering each day's consignments, and enabled him to operate at an advantage over competitors who worked more or less in the dark. The lad early developed unusual aptitude for gathering useful facts and figures. He kept close tabs on the prices realized by other commission merchants.

Before long he was entrusted with some of the selling. He had acquired thorough knowledge of every variety of fruit and vegetable which entered the market. He became a shrewd judge of supply and demand, and could, therefore, realize advantageous prices for consignments when the day's stock of any particular product was below normal. Next he was entrusted with the buying of fruit — L. Scatena & Company not only handled shipments on a commission basis, but did a jobbing and wholesale business on their own account.

Business had become so fascinating to the youth that he refused to go to high school. Of an exceedingly practical turn of mind, he had avoided spending time on dead languages and on other subjects which could not, in his view, help him

to handle business affairs. In every subject he became interested in, he headed the class.

A little anecdote will illustrate Giannini's determination even at that early stage. Because of his extraordinary aptitude, the teacher frequently called upon him to show the class how to do things. This earned for him the hated epithet "Teacher's Pet." One day the teacher told him to go to the blackboard and give the pupils an exhibition of how to make "printed" capital letters. Having had to do a lot of this in the fruit business, he had become an expert. Stung by the taunts of the other boys, he refused to perform. The teacher insisted. Young Giannini was immovable. She called the principal. He gave the young rebel peremptory orders to do as he was told. Again he refused. And he stubbornly held his ground despite the direst threats.

When nineteen he was made a full-fledged partner in the growing firm. Then he did exactly what John D. Rockefeller did when he set up in business as a produce commission merchant. Hiring a horse and buggy, Giannini started to visit scores and even hundreds of growers and shippers throughout the territory tributary to San Francisco. He explained to each the facilities the firm had to offer and emphasized that any busi-

ness turned its way would receive the most painstaking personal attention.

Another sidelight on the methods of this young hustler: he found that whenever he visited a farm or orchard at lunch-time, he had to waste an hour or more eating and talking, very often about things which did not interest him. So he stocked up his buggy with crackers and cheese and sardines, and planned his travels so that during the lunch period he would be on the move from one place to another, munching his frugal lunch while on the way.

"I did this to save time," Mr. Giannini recently told me. "Too many people waste time in useless ways. My sole object on these rounds was to induce growers and other 'prospects' to give us business. I always came to the point just as quickly as I decently could. I wasn't a bit interested in any of the local gossip or scandal or in anything whatsoever not connected with my business. I had a clear-cut object in view. And I went after that object as straight as I knew how. I have never believed in beating about the bush. When you have a purpose in hand, go after it and achieve it as promptly and efficiently as you can. Don't dawdle."

Of course, the youngest partner rapidly became the most successful. His aggressive methods

naturally aroused opposition. Other concerns, older and larger, decided to hit back. This merely stimulated Giannini to redoubled energies. Some of his rivals he bought; others he fought. While still in his twenties, Giannini had the satisfaction of seeing his firm become the recognized leader in its line, doing more business than any other concern on the Pacific Coast. Also, he had acquired a controlling interest in it.

Edward L. Doheny told me that, after many eventful but rather barren years as a prospector, he lost interest in a property after he had it going so smoothly and successfully that he had nothing to do but count the profits; consequently, he always sold out. When A. P. Giannini found himself king-pin of the produce commission and distributing business, he realized that it no longer enthralled him. Having won the fight, he lost interest.

When thirty-one, he arranged to retire from active business life. He had earned and saved a modest competency, and he pictured for himself a quiet life. His share of the firm he turned over to his associates on easy terms, allowing them to pay him out of the profits as they accumulated.

So up-and-doing a young man, however, did not long remain in lazy retirement. One or two real estate opportunities arose which were such sure

money-makers that he took hold of them. One profitable deal led to another. Almost unconsciously he was finding it easier to keep busy than to retire.

He accepted an invitation to become a bank director. Little did he dream that this apparently insignificant incident was to lead to the making of epochal banking history in this country.

On acquiring insight into how things were being run, he brought forward what he regarded as an important and necessary recommendation. The powers dominating the institution refused to act. Giannini tried to convert them to the need for adopting his suggestion. They turned him down point-blank.

"Then, I'll start a bank of my own and run it according to the principles you refuse to adopt," was the ultimatum he fired at them.

Forthwith he proceeded to fulfil his vow.

On October 17, 1904, Giannini opened the doors of his own bank. He called it the Italian Bank of California, but soon changed the name to the Bank of Italy.

He had very definite ideas of how a bank ought to be conducted. He also had a vast vision of what his bank should and could and would become. Just as he had reached the top in the produce commission business, he now resolutely

determined to attain a similar position in the banking world of California.

After carefully studying the whole matter, Mr. Giannini said to himself, he recently narrated to me: "My bank will attend strictly to doing a banking business. There will be no speculative exploits with the bank's money. Neither will any officer be allowed to speculate or to become financially interested in any other business. We will pay good salaries, and there won't be any rake-offs of any kind whatsoever.

"I am convinced there is room for developing branch banks in some of the territories I used to cover while drumming up produce commission business. Branch banks have been very successful in other countries. They can be made successful in different parts of this state. By opening branches in different localities, we will be able to diversify our business and thus be able to render better and broader service. Crops come on the market at different times in different sections. Growers in one district will be paying off loans at the time growers in another section will be needing funds.

"By building up a big central institution at headquarters, we will be able to engage much abler men than the little, independent, isolated banks can afford to employ, and the services of



our experienced executives will be available for all our customers whether in San Francisco or in other places. Wherever possible, we shall take over banks already in existence which have earned a good reputation, and we will try to induce the best officers at each bank to continue to serve. Each branch thus acquired will be a feeder of the home institution.

“Various industrial enterprises are becoming so big that they cannot obtain adequate banking facilities from their local banks. With our large capital and surplus, we will be able to give them a much better line of credit.

“While our institution will have a special appeal to the large Italian population of the state, we shall go after every class of business so long as it is legitimate and safe. By building soundly and taking particular care to place ourselves in solid shape whenever it looks as if trouble might lie ahead, we will be able to render assistance when assistance is most needed, and in this way we can inspire absolute faith in our stability and at the same time attract many new friends.”

That was the course Giannini charted for himself. And that is the course he has scrupulously followed.

He did not, of course, fulfil his whole ambition at once. He hasn't quite fulfilled it yet, for that

matter, although he confessed to me the other day that the Bank of Italy and its associated financial institutions have attained such a degree of success that he contemplates transferring the presidential burdens to younger shoulders and simply remaining at hand in some such office as chairman of the executive committee, to give counsel and other guidance to the active officers when occasion may arise.

Whereas the Bank of Italy was founded in 1904, Giannini did not open its first branch until 1906.

Look at what he accomplished in eighteen years in raising the Bank of Italy from a baby to a banking giant:

<i>Resources</i>	
December, 1904.....	\$285,436.97
December, 1908.....	2,574,004.90
December, 1914.....	11,228,814.56
December, 1916.....	39,805,995.24
December, 1920.....	157,464,685.08
December, 1922.....	254,282,289.52

Born fighter though he was and is, A. P. Giannini found himself up against the fight of his life when he invaded the branch banking arena, and there were times when obstacles hurled into his way seemed insurmountable. He was fought by other California banks in the Reserve centers, because it meant the loss of an account each time

he took over an established institution. He was fought by the bankers in the places he sought to enter because they feared that the advent of the Bank of Italy would mean a new and keener type of opposition, and — of more importance in the eyes of some of these bankers — it would mean some abridgment of their czar-like powers and other sundry perquisites. He was fought politically. At one stage the State Superintendent of Banks blocked his progress by withholding permits to acquire additional branches.

The outcome can be told most briefly and vividly by the simple statement that the Bank of Italy now has 70 branches; total resources in excess of \$280,000,000; capital, surplus and undivided profits of \$23,000,000; upwards of 450,000 depositors, the largest number of any bank in the United States; 14,000 stockholders; and shares worth \$230 each as compared with \$100 nineteen years ago, at the start. As a matter of fact, each share of Bank of Italy stock carries a share of stock of the Stockholders' Auxiliary Corporation which has capital and surplus and undivided profits of approximately \$7,000,000. This is a California corporation organized about eight years ago for the purpose of facilitating the acquisition of established banks for conversion into branches, through purchase by it of not less than two-thirds of their

capital stock. The combined stocks really give the Bank of Italy a working capital of \$30,000,000.

This record has not been won without ceaseless initiative, dynamic energy and invulnerable courage.

How, for illustration, did Giannini meet the unprecedented situation precipitated by the San Francisco disaster of 1906? His fledgling institution, please remember, was then only a year-and-a-half old. How could it best serve the stricken inhabitants? That was the question given first and dominant consideration by Giannini. One writer has thus graphically and accurately described how Giannini faced the emergency and caused his institution to rise, Phoenix-like, from the ruins, stronger and more popular than before:

"After walking for miles through the maze of desolation Giannini reached the institution about noon. The flames were already only a block away. Hastily commandeering two horse-drawn rigs from his old commission house, he loaded one of them with money and securities. In the other he had the forethought to place a supply of all the blank forms and stationary necessary to resume business without delay.

"Where could he take his valuable cargo? Oakland was across the bay, with a jagged wall of flames between; to reach the stronghold of the

Presidio it would be necessary to travel many miles through a district where pandemonium reigned. He decided to proceed down the peninsula to 'Seven Oaks,' his San Mateo home, and there bury the treasure. So the caravan set out, accompanied by two soldiers and several trusted employees.

"The next day, while the ruins of his bank were still smoldering, Giannini addressed a circular letter to all his depositors, telling them that a good part of their money was immediately available in cash. In addition, he offered to lend money to all those who wished to rebuild structures wiped out by the fire. Despite the confusion, most of those letters reached the persons for whom they were intended. Hundreds of people took advantage of his loan offer, with the result that the North Beach section around Telegraph Hill — the Italian quarter — was the first area of San Francisco to spring up from its own ashes.

"By setting up a desk on the docks while the fire was still burning, and putting a clerk there to take deposits from the commission men, Giannini was the first banker in the city to re-establish his business. In the midst of the chaos following the conflagration, he hung out the 'Bank of Italy' sign on the home of his brother in Van Ness Avenue (a street which the fire and shock had spared intact), and opened a 'calamity day book.' Records

show that of all the fire victims to whom Giannini lent money not one failed to repay the loan."

Banking calls for foresight, for business prescience, for ability to analyze economic trends. Giannini demonstrated convincingly that he possessed these qualities months before the fatal 1907 panic broke loose. Returning from a trip to New York and other Eastern centers, he informed his associates that he was convinced serious financial trouble was brewing. And he issued orders that the bank husband its stock of gold. It quietly paid out paper currency and stored large and still larger supplies of the yellow metal, until the vaults of his own bank were filled to overflowing and space was obtained in the vaults of another bank.

When the panic engulfed the country, banks everywhere found themselves obliged to limit or stop entirely gold payments and, in many instances, clearing house certificates were resorted to. The Bank of Italy, however, stood up strong as a rock, meeting with shining gold every demand made by its customers.

The Bank of Italy's action quickly became the talk of the city, and such a troop of new depositors were attracted that their deposits, often in gold, enabled Giannini to let the bank which had stored his overflow use it.

Similarly, when the World War came along, the



Bank of Italy was so strongly fortified that it not only was able to subscribe for large sums of Liberty Bonds — it carries about \$50,000,000 Liberty Bonds as its first line of reserve — but it never had to send a dollar's worth of its paper to the Federal Reserve Bank to be rediscounted.

Since "nothing succeeds like success," it is perhaps not astonishing that other banks in California and elsewhere have been energetically and rapidly acquiring branches. Indeed, another bank in California has more branches than the Bank of Italy.

Meanwhile, Giannini was extending his banking activities in other directions.

The success of his operations in California inspired the Italian Chamber of Commerce in New York to invite and urge him in 1911 to establish a bank there. At first he refused, because he still had much creative work to do at home; but in 1918 he consented to go if the members would raise \$1,500,000 in stock from not fewer than 1,000 stockholders. This sum and more was readily subscribed by over 1,000 individuals. The East River National Bank was acquired, Dr. A. H. Giannini (A. P.'s brother) was induced to move from California to New York to take the presidency, and this institution has grown from resources of three-and-a-half million dollars, at the time of purchase, to over twenty million dollars.

It will probably astonish the reader to know that New York is the largest "Italian" city in the world, having an Italian population of 800,000.

The Commercial Trust Company is another thriving financial institution conducted under the aegis of Giannini, its resources having more than doubled since taken over a couple of years ago.

Both these institutions are owned by the Bancitaly Corporation, originally organized as a holding company in New York. It now has a paid-in capital and surplus of over \$15,000,000 and owns control of twenty banks in New York and California and of one in Italy. This organization is in a position to handle various kinds of business not coming under the scope of either a national or state bank, and its operations have been very profitable, dividends having been paid continuously since date of organization — 6 per cent. to December 31, 1919, 7 per cent. from January 1, 1920, to December 31, 1922, and 8 per cent. for the half-year ending June 30, 1923.

The institution in Italy was acquired by the Bancitaly Corporation through the purchase in 1919 of the control of Banca Dell' Italia Meridionale. The name of the bank has since been changed to Banca D' America E D' Italia; the head office removed from Naples to Rome; the capital paid in increased from 3,000,000 lire to

100,000,000 lire; the resources are now over 500,000,000 lire, having increased to this sum from 28,000,000 lire at the time of purchase. It has branches at Milan, Bologna, Florence, Genoa, Naples, Palermo and Bari. Mr. Giannini's son, L. M. Giannini, spent almost all of the year 1923 in Italy assisting in the installation, as far as practicable, of American systems. Many of the employees are young Italians who received banking training in the United States.

"Be the first in everything," is one of Mr. Giannini's maxims. When quite a young man, he was the first to introduce several improvements in the methods of conducting the produce commission business. He was the first to develop branch banking in California on an extensive scale. He organized and became president of the California Joint Stock Land Bank, the first institution of its kind organized on the Coast. He was the first to organize a special women's banking department, in his Bank of Italy. He was the first to cultivate aggressively school savings, and built up the largest school-saving system of any bank in the United States, embracing several hundred schools and deposits climbing towards the second million. He was the first to pay special attention to the development of industrial savings.

An imposing new bank building in San Francisco

was followed by an equally imposing edifice in Los Angeles, which includes an assembly hall freely used by local women's associations and other organizations for meetings — another new departure for a bank.

“Work does not wear me out. It buoys me up,” Mr. Giannini declared to me with his characteristic forcefulness. “I like to keep going all the time. I thrive on obstacles, particularly obstacles placed in my way by narrow-gauged competitors and their political friends. If it hadn't been that I encountered so much antagonism while I was trying to give the State of California a series of strong, well-managed branch banks, the Bank of Italy to-day might have been perhaps the three-hundredth in point of size in the United States instead of fourteenth.

“My working hours have been from eight in the morning until late at night. And then when I go home at night I do all my planning for next day and next week and next year.

“But the Bank of Italy is now nearing the point which my commission business reached when I stepped out of it. I am turning more and more of the executive responsibilities over to younger men. One reason I recently moved my office from our headquarters in San Francisco to Los Angeles was that I wanted my principal associates to be-

come accustomed to making decisions for themselves. By and by I shall pick out the most promising of my vice-presidents and make him president. While I shall retain some such office as chairman of the executive committee, so as to keep in touch with things and be available to give counsel when necessary, the president will be the president in reality.

“I don’t want to delay taking such a step until I am an old man. I want to do just as Seward Prosser of the Bankers’ Trust Company of New York did: He selected his ablest vice-president (A. A. Tilney) as president and assumed the office of chairman of the board, although a relatively young man — Mr. Prosser is only fifty-two.

“There is no fun in working merely for money. I like to do things, to create things, to construct things, to be a builder. The upbuilding of the Bank of Italy and its various associated institutions has been tremendously fascinating. I feel, however, that the major difficulties have been overcome. The job has been licked. Consequently, I feel that it does not call for my day-and-night efforts much longer, but should be taken up and carried on by the very fine corps of younger men who have been built into the structure, so to speak.

“Incidentally, this gathering together of brainy executives I have always regarded as one of the

most important parts of my job. I have always kept my eyes wide open for sprouting talent. For example, one youth caught my eye; I watched him as he developed into a lawyer; and then, when I figured he was ripe, I got him to become one of us. You can't afford to sit back and wait for talent to come to you. You have to be constantly on the lookout for it and then go out and lasso it.

"Another thing: I have always gone in for concentration. I have interested myself only in things of interest to me in my business. I have avoided loading my mind and my memory with stuff of no earthly use to me. I don't try to keep track of baseball records or golf championship doings or of the latest developments in any line wholly foreign to banking. When I arrange to put up a building, I don't try to become an expert judge of marbles or other building materials. I don't, therefore, waste a great deal of time going over details. I know just what kind of a building I want and what facilities must be provided. The execution of the plans I leave to others whose business it is to be posted on such matters.

"I long since mastered the knack of thinking on whatever subject was in my mind whenever any one started and kept on talking about something of no interest to me. I can let such a conversation



go in at one ear and out at the other without ever interfering with my own mental machinery.

“ While I do most of my own thinking and usually make my own decisions, whenever anything of a particularly ticklish nature comes up and I am not positive as to the best course to follow, I go to some trusted friend and lay the whole matter before him. Usually, I tell him what I propose to do and then ask him to knock holes in it.

“ The main thing is to run your business absolutely straight. When you have a good, clean bank, absolutely unentangled in any speculative exploits, nothing can happen to you. Whenever banks fail, you find it is because of outside ventures or crookedness by some one inside the institution. No man, no bank, no business, should put itself into the grip of any one else. Failure usually comes from doing things that shouldn't have been done — often things of questionable ethics.”

Mr. Giannini has two sons, and a daughter who is now at college. He has no ambition, however, to leave them enormous wealth.

“ The idea of struggling and scheming to leave millions for other people to spend is the height of foolishness,” he impressed upon me earnestly. “ I have seen too many ultra-rich persons who were constantly afraid that some one would put poison

in their food or knock them over the head or something else to get rid of them. I believe in using money to help worthy causes while one is still living, and thus get some fun out of it. Of course, it is every man's duty to strive to give his children the best possible equipment for life. But to leave millions to young sons is dangerous. Each of us is better for having to make our own way in the world. God meant us to work. Those who don't work never amount to anything. To take from any one the incentive to work is a questionable service."

Certainly no one, after reading what has been here set down, will question whether A. P. Giannini has worked or not.

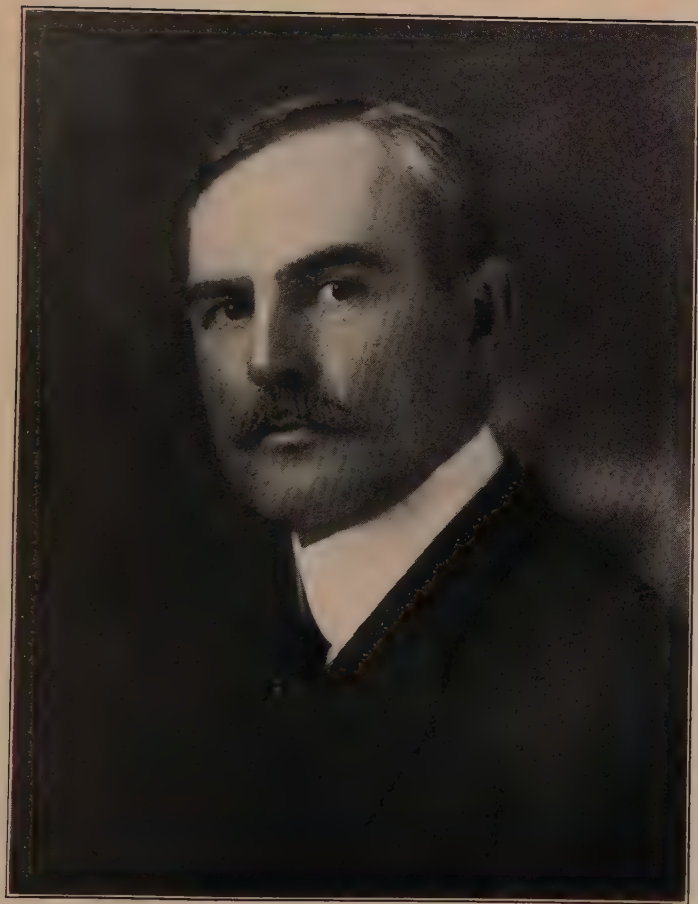
## JOHN D. RYAN

HEAD OF ANACONDA COPPER MINING Co.,  
AMERICAN BRASS Co., ETC.

**I**N most industries and professions leadership is divided among several brainy stalwarts. In some industries one man rises to a towering position of undivided and undisputed leadership.

There is no Napoleon looked upon as commander-in-chief of the rubber industry or the sugar industry or the banking business or the grocery business or the shoe industry or the paper industry or the bond business or the cotton industry or the building industry or the railroad world or the hydro-electric field or building construction or the garment industry or the dry goods business or shipping or the packing industry.

On the other hand, the oil industry has its Rockefeller, the steel industry its Gary, the automobile industry its Ford, the photographic supply business its Eastman, the tobacco industry its Duke, the field of invention its Edison, the woolen industry its Wood, the lumber industry its Weyerhaeusers, the daily newspaper business its Hearst,



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the weekly field its Curtis, the powder industry its duPonts, the smelting business its Guggenheims, the heavy chemical industry its Nichols, the mail-order business its Rosenwald, the corn products industry its Bedford, and the fire insurance business its Evans; the telephone had its Vail, the cash register had its Patterson, the chain store its Woolworth, railroading its Hill and Harriman, the electric industry its Coffin, coke its Frick, banking its Morgan, the sewing machine business its Singer.

Within recent years a native of Michigan has become the recognized leader of not one but two very important industries, copper and brass — John D. Ryan.

Thirty years ago Ryan was an oil drummer earning less than \$150 a month.

Twenty years ago he took hold of Amalgamated Copper, then struggling against uncountable obstacles.

To-day he is not only head of Amalgamated's successor, Anaconda, which he has made the largest copper-producing company in the world, but he is likewise head of Chile Copper, owning the largest known bed of copper ore in the world and the largest foreign producer of the metal, head of Inspiration Copper and other extensive copper mines, head of the American Brass Com-



pany, which is by far the largest enterprise of its kind in the world, head of various important agencies which, combined, sell considerably more copper than any other concern here or abroad, head of the Montana Power Company, which supplies 90 per cent. or more of the electric power used in that mammoth state, an influential bank director in both the East and the West and a power in the highest financial and business circles of America's financial centers. He has to his credit, too, the masterly handling of America's prodigious aircraft activities during the war, when he was Director of Aircraft and Assistant Secretary of War.

Any competently selected list of the half-score ablest business leaders in America would include John D. Ryan.

While it is eminently fitting that he should be included in a volume devoted to men who are making the west, Ryan's activities are equally extensive in the East and reach into many states, as well as into South America.

Long before the American public had heard of Stinnes, the colossus who has been so spectacularly developing "horizontal trusts" in Germany, John D. Ryan dreamed of digging copper from the ground on a gigantic scale and manufacturing it on an equally gigantic scale into finished articles,

as he is now doing through his American Brass Company and other plants.

Mr. Ryan is an ardent believer in large-scale business, in the largest-scale business, in fact. One might say that his mind and his brain do not shy even at monopolistic-scale business. He believes, for example, that the steel industry has been conducted more advantageously for all concerned, including employees and the public, since the advent of the United States Steel Corporation, than it was conducted in the old days of sensational and often ruinous ups and downs. He believes that his comprehensive plans, accomplished and in prospect, for what he would call "stabilizing" copper production and copper manufacturing, are calculated to benefit the industry itself, its bond and stock holders, the employees, consumers, and the country as a whole.

When it began to be rumored that Mr. Ryan was negotiating to take over the mammoth American Brass Company, which completely dominates the brass manufacturing industry of America, I asked him to sit down and try to convince me (and through me several million readers) that this was a wise, a sound, a desirable move to make in this democracy at this time of day when the public do not look with favor upon monopolistic tactics on the part of big business.

Mr. Ryan most readily did so. Here are some of the points he scored:

"If Anaconda had controlled the American Brass Company during the last two years (1920-21), a great deal of idleness and a great deal of hardship could have been avoided. Instead of having to close its mines, Anaconda could have produced 20,000,000 pounds of copper and 4,000,000 pounds of zinc a month by supplying only the American Brass Company with the metals it manufactured and furnishing its own share of the exports. In this way communities could have been kept going on a more level keel, to the advantage of all."

"Might not reasonable control of the copper industry lead to restricted production and too high prices?" I suggested.

"Not necessarily; no," replied Mr. Ryan. "Everybody who works a copper mine has to produce a reasonable amount of copper to get his costs down to a reasonable basis. And he has to have reasonable costs in order to get a reasonable profit, or even to be able to borrow the money necessary to continue operations during bad times. How much better it would surely be if there was sufficient control of the copper business so that, instead of throwing the whole industry out of gear, and putting employees out of work, without

wages, without anything but charity, you could keep on employing 60 or 75 per cent. of your people all through lean periods, even though considerable stocks had to be accumulated, because the costs having been reasonable and prices maintained at a reasonable level, such stocks could be financed and carried on reasonable terms to tide over such times, for example, as we had during most of 1921. There was then no market that would take anything like even a moderate production.

“After struggling for the two years following the war, the copper companies, through sheer force of necessity, had to throw their people out of employment.

“It is not to the interest of this country, in my judgment, that the copper industry should continue in the future to be subjected to the violent ups and downs, with the consequent widespread unemployment and heavy losses, such as we have had in the past. As a matter of fact, foreign buyers, who take one-half of our copper, have benefited most from the excessive competition which led periodically to ruinously low prices.

“The United States Steel Corporation doesn't abuse its power. Neither would a copper corporation, because, if for no other reason, the burdening of consumers with unreasonably high prices

would restrict consumption and destroy the economic operation of a great industry. High prices would be bound to stop consumption, decrease production and increase costs.

"It is coming to be generally recognized that violent extremes are harmful — extremes in prices, extremes in competition, extremes in production, extremes in wages, extremes in employment and unemployment.

"For my part, I want the copper industry placed on such a basis that it will run at a reasonable rate in good times and at a reasonable rate in bad times. I don't want to have to throw out people on the street and tell them, 'We have no work for you.'

"Anaconda has thousands of stockholders. A few big people own large amounts, it is true. But 90 per cent. of Anaconda's capital stock is owned by people of small means, by women, by institutions, by estates, by guardians, all people who have to exercise the greatest care to make both ends meet."

I again reverted to the power placed in the hands of a few by enormous consolidations.

Mr. Ryan instantly flashed back: "Isn't the power to run this country practically placed in the hands of ninety-six men constituting the United States Senate? Somebody has to be trusted. You

cannot keep American business, American industry, down to the basis of the corner grocery store. That is not what America wants; that is not what America aspires to and means to achieve.

"There is no objection whatsoever to reasonable regulation by the Government, if enterprises or industries grow big enough to be amenable to regulation. I certainly do not object to it.

"There were the strongest and soundest of reasons," Mr. Ryan went on, "for our wanting to get control of the American Brass Company. We already had our mines, our railways, our smelters, our refineries, but we stopped with the production of the raw product. We failed to link up with the actual consumer.

"It was Mr. Brooker's business, as head of the American Brass Co., just as it was the business of every other buyer of copper, to get copper from us at the lowest figure he possibly could and to use all our competitors against us and us against all competitors, and in effect to decrease the value of the Anaconda properties, so as to enable him to meet the competition of people in his line and build up a successful business. He simply had to buy at the bottom figure.

"But, he had no motive to spend money in advertising or in other ways to attract the public's



thoughts and habits towards consumption of copper that might not develop for years.

“By acquiring the American Brass Company we are able to regulate our production of raw material, copper and zinc, very much more in accordance with the demand for the finished products put out by the American Brass Company. How important this source of absorption of our raw material will be may be gathered from the fact that the American Brass Company uses more copper than Anaconda produces.

“This cannot fail to have a stabilizing effect and work out economically and beneficially alike for employees, shareholders, consumers and the country as a whole. And, of course, it will tend to fortify America in competing in the markets of the world.”

Since then Mr. Ryan has declared that the arrangement has worked out as expected.

Again, when Anaconda reached out and took control of Chile Copper, about a year after acquiring the American Brass Company, I asked Mr. Ryan to explain the whyfor and the wherefor of this fresh tightening of his grip upon the copper industry. Perhaps you will agree that he made out a strong, convincing case in these few sentences:

“Supposing British capital had acquired control of this great property, and instead of bringing

this extremely low-priced copper to America for manufacture, they had taken it across the Atlantic to British workshops, what would it have meant to the American people?

"Do you know that, with the exception of our own country, the British are the greatest metal-working people in the world. What chance would there have been for America to compete in foreign countries with products manufactured in Britain from this low priced copper?

"We are perhaps the only people in America who have the facilities to buy control of this huge Chilean property and to use its output advantageously."

By what methods, by what means, by what special abilities did this Lochinvar come from the West, from the general managership of a single copper company in Butte, and win his way to his present place of power in the world of industry and finance? What are the methods, what are the qualities which have enabled him to create almost single-handedly the greatest copper-producing and manufacturing company in the world, with a capital approaching half-a-billion dollars, and to create or acquire other mammoth mining and manufacturing and utility enterprises?

Perhaps it will best help one to understand Ryan's rise if we learn how he tackled the solving

of the multifarious intricate problems which beset him when he took hold of his first mining job, as manager of Amalgamated, more than twenty years ago. From a man who was then on the ground and who now holds a highly responsible position, I obtained the following illuminating statement:

“ Political corruption was rampant in the state when Ryan took hold; bitter warfare was being waged, not without loss of life, between the two dominating mining factions; rivalries and jealousies were rife; individual companies and labor had become lawless.

“ He first routed the political antagonists, then bought out the entire business interests of the opposition, and next harmonized all the internal differences and jealousies among the individual concerns and proceeded to build up what is now not merely the largest copper mining enterprise in the world, with an output of a million pounds of copper a day, but he developed it into a great integrated industry comprising very important railroad, coal, lumber and mercantile properties, as well as a producer of silver, lead and zinc on a scale exceeded by few companies in the world.

“ After that,” went on the business man here quoted, “ he threw himself into creating what is to-day the most efficient water-power enterprise

in America. Although the public at large doesn't realize it, he has done more than any other man or any group of men in the United States to bring about the electrification of railroads, for it was the extraordinary success he attained in the complete electrification of his own company's railroad that led the Chicago, Milwaukee & St. Paul to undertake its wonderful project of operating its whole Rocky Mountain division by electricity. This is perhaps his greatest contribution to progress and civilization.

"How did he succeed in doing all this? By tact, nerve, and judgment; by the sheer force of his personality; by his ability to inspire confidence among all classes and factions, including labor; through his undeviating fairness to everybody."

Notice those final five words: "*His undeviating fairness to everybody.*" There, I believe, you have one key to Ryan's subsequent record. It was not because of any transcendent ability as a banker that the late J. P. Morgan was accepted as the unquestioned leader of financial New York; it was, rather, because no other financier or banker or broker questioned his absolute honesty and fairness. Ryan has been able to bring about gigantic mergers and other deals because stockholders and others interested learned to trust his fairness. He has never been suspected or accused

of seeking to feather his own nest by trickery or by any kind of underhand, questionable maneuvers whatsoever.

Do not conclude from this that John D. Ryan has ever posed in his business transactions as a philanthropist. He has always been regarded as an extremely able bargainer, very capable of taking care of interests entrusted to him. But there he stopped. He did not seek to enrich his own stockholders by cheating stockholders of companies he sought to acquire.

A great deal of picturesque nonsense has been written about the early days of this dashing Westerner. The facts are less picturesque than the fiction. The first time, years ago, I approached Mr. Ryan to have him tell me something of his career, he stopped me short with an emphatic "No!" I suggested that an account of his career might furnish inspiration and perhaps guidance for others striving to win their way towards the top.

"No!" he again protested. "I have never done anything worth talking about as an example to the youth of this country. You cannot write any picturesque story about me, picturing me sweating in miner's togs at the bottom of a shaft, for I never did a day's mining in my life. Nor was I a prodigy at school. Nor have I worked any harder than lots of other men."

"Then do you want to assume that you have got where you are because of influence . . ."

"Influence!" broke in Mr. Ryan. "Influence is the worst handicap any young man can have. It tends to make him feel he need not exert himself to his full capacity and has a bad effect upon him. When other workmen learn that one of their number has a pull with somebody higher up, they look at him askance and the effect upon these other men is bad. Then the foreman, or whoever is over him, will either show him undue favors and push him into a position for which he is not fitted, or, if the boss is of a different stamp, he will hesitate to promote him even when he deserves it because the boss knows the others will think it is a case of favoritism. The effect, therefore, is bad upon the whole organization. When any young engineer or college student or anybody else comes to me asking for a letter to enable him to get a job at our works I say to him just what I have told you."

John D. Ryan came of mining stock. His father was a mine manager and the discoverer of what are now the Copper Range Mines of the Lake Superior district. Shortly after John was born, at Hancock, Michigan, on October 10, 1864, the family moved to the Calumet & Hecla mine. Mining, however, had no particular attraction for the boy. His parents wanted him to go to college



but he preferred to begin work. When seventeen he entered one of a number of general merchandise stores in the copper district of Michigan which were owned by an uncle. For eight years the future copper magnate weighed sugar, measured calico, and wrapped parcels behind the counter, working, as was then the custom, a full round of the clock daily. From this uncle, who was the leading merchant in that part of the country, he picked up more or less business information and insight, but he had no ambition to become a Marshall Field. On the quiet — anonymously — he was local reporter for the principal newspaper serving that section.

A brother and a sister having been obliged, because of ill health, to live in Denver, young Ryan, at twenty-five, decided to try his luck in that city. Fortune did not immediately smile on him. Month after month he looked in vain for a congenial job.

“I was six months in Denver before I found employment to suit me — and I wasn’t hard to suit either,” was how he described his discouraging experience at this stage of his life. Then he got a start as a drummer, selling lubricating oil on the road. He travelled all over the Rocky Mountain section from Montana to Mexico, knowing little or nothing of home life for several years.

"Wasn't that a trying, cheerless kind of existence?" I ventured to ask.

"Of course, it wasn't exactly a primrose path or rose-bed life, but I was not married then and it was easier for me than it would have been for most other fellows, because my father was well known among mining people, and, as miners move about a good deal, I met friends of his all over and this helped me in my business.

"Among the good friends I met during that time was Marcus Daly, who was then building up the Anaconda organization. I sold him oils and in that way was thrown in contact with him."

Mr. Ryan, contrary to the popular impression, never did a day's work for Daly in his life, nor did he work for Anaconda during Daly's lifetime. Daly did offer the hustling salesman employment on more than one occasion, but the offers were declined. The truth is that when thirty Ryan was not making, and had never made, more than \$150 a month.

When thirty-two he married Miss Nettie Gardner of his native town. After that he apparently developed bigger ambitions, for when Marcus Daly died the oil salesman conceived the idea of obtaining an interest in the Daly chain of banks. He used his own savings and borrowed freely from

friends to buy out various minority stockholders in the banks. This gave him general charge.

Ryan's removal to Montana as directing head of the powerful Daly financial institutions brought him into contact with all classes of the community. In the volcanic atmosphere then prevailing he must have handled himself better than he will admit, for within three years Henry H. Rogers, one of John D. Rockefeller's most fearless partners, asked Ryan to take charge of the Amalgamated Copper Company's affairs in that state.

Curiously, all Ryan's activities in the oil business had been in opposition to the Standard Oil people, his employment having been with their rivals.

It was in 1904 that Ryan became managing director of the Amalgamated Copper Company with entire charge of all its subsidiaries. His job was not merely to manage the mines, but to manage men as well. When the first election came after Ryan took charge, the Heinze faction was so soundly beaten that Ryan concluded that Heinze, although no mean fighter, must realize he was completely licked and would, consequently, be in a mood to talk over terms of peace.

Therefore, Ryan opened negotiations with Augustus Heinze to buy all his properties in Montana. Heinze was anxious to sell, but he wanted

the deal arranged so as to create the impression that he was merely effecting a compromise and not selling out. Amalgamated was determined to eliminate Heinze entirely from the situation and would entertain no negotiations which would leave him a loophole to cause any further embarrassment in the conduct of the business. This Heinze-Amalgamated deal forms so notable a chapter in America's mining and financial annals that I prevailed upon Mr. Ryan to tell exactly what happened.

"Because of Heinze's strong objection to have it appear that he had been bought out, and because of his insistence that the deal be represented as a merger, it was very hard to carry on negotiations that would remove Heinze root and branch," said Mr. Ryan. "The situation was relieved at times by a spice of humor. Heinze was mortally afraid that the miners in Butte would learn that he was preparing to sell out, as he was loudly promising to fight their battles for them if they would stand by him.

"He would never meet me except in the most out-of-the-way places. We never entered a building by the same door. He never came to my office and I never went to his. Instead, we would meet in the offices of one of our lawyers or in the rooms of friends. One of our most important sessions

was held in Providence, R. I., because he was then staying at Newport and I was in New York, and he did not want to run the risk of our being seen together at either place.

“ From the very opening of negotiations Heinze and I were friendly and, though many times we came very near breaking off, we continued to treat with each other in good faith. He never once broke his word to me.

“ After six months’ negotiating we finally met one night, talked price from nine until three in the morning and reached an agreement.”

This anecdote is told about how the bargain was struck at the last moment. Both Ryan and Heinze had talked themselves to a standstill. They had drawn nearer and nearer the agreement-point during the small hours of the morning. But after each had come within \$1,000,000 of the other’s figure they reached an absolute deadlock. Neither would budge another dollar. The prospect of a deal appeared hopeless. They talked and yawned and talked some more. Heinze declared he had gone further than he had had any intention of going, and would not consider, even for an instant, accepting a cent less. Ryan, too, declared he had gone his limit. He had come there, however, eager to have the whole matter definitely settled.

It is said that the difference between a scrub and a thoroughbred is this: The scrub goes until it cannot go another yard, and quits. The thoroughbred goes until it cannot go another yard — and then goes the other yard. So with men: The ordinary man goes as far as he can and then gives up. The extraordinary man goes as far as he can — and then finishes the journey.

Ryan found a way out. The deadlock was broken by flipping a coin!

Amalgamated then (1906) bought all the Heinze mining properties in Butte except the Lexington Mines, which, being covered by an outstanding bond issue, could not be delivered by Heinze. The departure of Heinze was followed by the subsidence of political turmoil. This enabled Ryan to wash his hands of political campaigning and to devote his attention to developing the Amalgamated's increased properties.

Mr. Ryan's effective work was rewarded by his selection as president of Anaconda.

John D. Ryan was one of the few business men in America who did not even know in 1907 that there was a panic. He was stricken with typhoid fever in August of that year, was so ill for months that he learned nothing of what was going on, and did not return to duty until March of the following year. About the time this Amalgamated



giant recovered, a still more powerful Amalgamated giant, H. H. Rogers, began to lose his health. By then Rogers had set such an appraisement upon his western "find" that he induced Mr. Ryan to come to New York to aid him in looking after this important branch of the Rogers activities. When Rogers died in the following year Ryan succeeded him as president of Amalgamated.

One of Ryan's fortes is bringing scattered properties together under one efficient management, with capital enough to develop and expand them. He has a faculty for handling big things. It is both easier and more economical, he has found, to handle one integrated, strong organization than to keep tabs on half-a-dozen or more smaller and weaker ones. Mr. Ryan believes that, industrially, in union there is strength.

In Montana there was very special reason for merging numbers of important properties into one large concern, for there had been interminable disputes over encroachments by one company upon the underground ores of another as the mining lands were patch-works of claims held by different companies. While Anaconda had a large interest in several other properties, the stockholders were not the same in each case, so that it was impossible to run things without friction. At one time there were before the courts disputes involving almost \$200,000,000.

Ryan's fairness, ability and personality had impressed themselves upon the whole community by this time, and when he set about evolving order out of all this muddle he was able to bring the various companies under the full ownership of Anaconda, a feat that called for the exercise of the most delicate diplomacy.

In 1910 all the holdings of Amalgamated and all properties of subsidiaries were merged into the Anaconda, and by 1914 it was feasible to dissolve the Amalgamated Copper Company.

To-day Anaconda, in addition to controlling the production of over 20 per cent. of the world's copper output, is among the largest producers of silver in the world and its output of high-grade zinc exceeds that of any other mine in the world. Its metallurgical processes are admittedly the most advanced known, and to them is due in large measure the increase in the company's profits during recent years.

During one of his shopping expeditions through the Southwest Mr. Ryan, in 1912, was so struck with the Inspiration Copper Mine, then only a fledgling, that he invested extensively in it; now it is the third largest producer of copper in the world, and an idea of how good a bargain Ryan made may be gathered from the fact that in the first twelve months its profits were almost double

the total cost of the property and its complete equipment.

If the man who makes two blades of grass grow where only one grew before is a public benefactor, surely a man who contributes in a large way to the general progress of the development of a state's resources is no less entitled to public recognition even though in both instances the primary motive has been profit rather than philanthropy or public-spiritedness.

Although Mr. Ryan's home is now in New York and he is condemned to live in that city most of the year, his heart is still in Montana. He has derived, perhaps, most satisfaction from his work in bringing into being the Montana Power Company and developing it into so efficient and so huge a concern that it can supply power to industries and railroads and general business in Montana at rates which give these interests an advantage over enterprises located in any other state in the Union.

The world has heard a great deal about the electrification of 440 miles of the St. Paul Railroad over the Rockies, but only railroad and electrical men know the genesis of this wonderful feat.

John D. Ryan was its ancestor.

When he had his Montana Power Company in working order, he decided to electrify the Butte,

Anaconda and Pacific Railroad, between the mines in Butte and the smelters in Anaconda. Although there is only about 100 miles of track all told, this road handles a tremendous tonnage. As it was a system complete in itself, it lent itself ideally for experimental purposes. When the task of electrifying the road was completed, the experiment proved an unqualified success. Cost was cut to a minimum, efficiency reached a maximum. Railroad men and electrical engineers from all parts of the world came and studied the results.

The St. Paul Railroad was peculiarly interested because of its almost insurmountable problems in hauling freight up the slopes of the Rockies. It has solved its problems now by having Ryan's company supply it with electric current.

Montana Power now provides current for the operation of no less than 550 miles of railroad. Moreover, practically all the mines of Montana get their power from this project. It also lights most of the state.

Indeed, it has functioned so much better than any similar utility company in the state that a committee of Congress once haled Mr. Ryan before it and ordered him to confess whether or not the company had a monopoly of the power business throughout the state.

“ Yes,” Ryan replied to the astonishment of the probers. “ It does 95 per cent. of the business in its line in the state. It has a monopoly, not of the water-power resources of the state, but of the market, and it is a monopoly because the service it gives is so good and the charges are so low that there is no possibility of competition from any other water-power company or any other source.”

“ Hydro-electric development, the electrification of railroads, the discovery of improved metallurgical processes of one kind or another, are destined to make infinitely greater progress than is even dreamed of to-day,” Mr. Ryan impressed upon me enthusiastically, for this is one subject on which he is not averse to talking. In his imagination he sees mining, industry, transportation, and civilization as a whole, not so very many years hence, on a plane higher than matter-of-fact business men would dare to predict.

Said a leading financier to me: “ John D. Ryan is one of the most level-headed fellows I know. He is not fossilized. He is always on the job, thinking up new things and then going ahead and doing them. He has all the breezy progressiveness and enthusiasm of the typical Westerner, and he combines with this the financial and business experience which he has imbibed here in the East.”

When America was thrown into the World War,

John D. Ryan was one of the first business leaders to cast all business responsibility aside to enter war work. In July, 1917, the late H. P. Davison, as head of the American Red Cross — who knew how to pick men — drafted Ryan as a member of the War Council of the Red Cross, and Ryan was quickly appointed Director General of Military Relief in the Red Cross.

Ryan's organizing abilities earned for him such a reputation that, when America's aircraft activities — or inactivities — were being discussed and criticised all over the country, President Wilson and Secretary of War Baker chose Mr. Ryan to take supreme charge. Shortly thereafter, in order to strengthen his powers over the military as well as the civilian end of the business, Mr. Ryan was made Assistant Secretary of War.

Mr. Ryan admits that this was the hardest job he ever encountered in his life. He gave to it so much of his vitality, so much of himself, that he lost twenty pounds in weight, reducing him to little more than skin and bone. If it were not for his abnormal modesty, Mr. Ryan would probably admit that, in his own judgment, he did more work, and more effective work, while head of America's aircraft operations than he ever did in his life, before or since.

One sidelight on how he went about his duties



is afforded by the following extract from an article written at the time by a man thoroughly familiar with the facts:

“ Mr. Ryan was not satisfied with the changes he had wrought in organization and methods in Washington. One of his characteristics is an insatiable thirst for first-hand information about whatever job he has in hand. He had obtained full information with reference to the spruce situation, which is the very basis of the production of airplanes, but he wanted to study that situation on the ground. He decided to spend three weeks in the West. . . .

“ In that Western trip, Mr. Ryan lived among the workmen, getting their spirit and their atmosphere. Little things are not lost in the perception of the men who work by the sweat of their brow. It was soon apparent that Mr. Ryan was not an ordinary Washington official. He had breakfast most mornings at 5:30 or 6 o'clock and was in a car or on a horse, on his way, by 6:30 or 7. He was in the woods or on the river or in a freight office studying transportation methods when the workmen were getting around. He studied the different spruce reserves, the quality, the cost of labor, etc., so that no airplane manufacturer entering his office in the War Department in Washington was likely to quote a profiteering price.”

A few muck-raking politicians attempted, after the war was over, to cast aspersions on Ryan's record as Aircraft Director. One group of political probers issued a statement to the effect that they believed investigation would reflect thus and so upon Ryan. As he told them when he met them face to face, they slandered him *before* they had found any warrant for doing so. President Wilson, Secretary of War Baker, Bernard Baruch, head of the War Industries Board, and others were incensed at these irresponsible slurs, cast without any attempt at basing them on ascertained facts. Secretary Baker, for example, wrote:

"Your services to the country as Director of Air Service have been conspicuous; the sense of sureness and executive efficiency which your advent contributed to the air service made from the first a marked improvement in the entire prospect. The armistice, of course, has interrupted the constructive development of that great program. It had, however, advanced beyond the experimental stages, and even in so new an art as the air service America's contribution within a year-and-a-half was substantial and would, in a short time, have been determinative."

As a matter of fact, by the time the armistice was declared, America was producing more Liberty (aircraft) engines than all the other belliger-

ents, on both sides, combined. And the total net cost to this country of the whole aircraft work was only \$300,000,000, not a billion and a half, as often mis-stated.

How did the copper industry, and more particularly John D. Ryan, act when our Government needed enormous war supplies? The Government approached Mr. Ryan first of all. Ryan's response rather amazed Washington. After a talk with Daniel Guggenheim, head of the smelting industry, Mr. Ryan announced that the Government could have all the copper it wanted at about half the price then ruling! This meant a price equal to that current before war upset things.

Even in face of this patriotic action, political enemies of the Administration sought, before the next election, to spread abroad insinuations concerning Ryan's course in regard to copper. These malicious innuendos coupled the name of Bernard Baruch with that of John D. Ryan. President Wilson, incensed, issued a vigorous, vehement statement, in which he declared:

"There was not a suggestion of scandal connected with either of these gentlemen in any of the war activities in which they played so important a part, and I wish, before the closing days of this Administration, again to say how admirably they served the needs of the nation and

how unselfishly they devoted their fine talents to the Government in every crisis which faced us during the critical days of the war."

John D. Ryan's career is a demonstration that it is not necessary for an American youth to have "pull " to reach the top if he possesses and exercises enough push. It affords a demonstration, too, that an able, ambitious, high-minded man can reach the top and reap a fortune without having to stoop to soul-searing business or financial practices.

## PAUL SHOUP

PRESIDENT, PACIFIC OIL COMPANY, VICE-PRESIDENT, SOUTHERN PACIFIC COMPANY.

**Y**OU feel you were not endowed with extraordinary brains? Neither was Paul Shoup.

You didn't have the advantages of a college education? Neither had Paul Shoup.

You haven't father or friend influential enough to give you a push forward, into a path leading successwards? Nor did Paul Shoup.

You had to begin working at an early age? So did Paul Shoup; his father died when the son was four years of age.

You were not able to pick and choose but had to take the first job you could find? That was exactly the position of Paul Shoup.

You early had to shoulder domestic responsibilities? So had Paul Shoup.

You were given no special training for the kind of work you found confronting you? Neither was Paul Shoup.

You found yourself one of hundreds, perhaps thousands, of young men doing humble, obscure



PAUL SHOUP





duties, with no keen-eyed employer watching interestedly for you to exhibit unusual talents? So did Paul Shoup.

In short, you found yourself up against a cold, unsympathetic world, crowded with competitors enjoying lots of advantages that had been denied you? So did Paul Shoup.

Therefore, it was not to be expected that you would get anywhere in particular, was it?

But Paul Shoup did expect to get somewhere in particular. He not only expected to get there: he set about hewing out a pathway. The going wasn't easy; it was hard. He had to wrestle with difficulties twelve to eighteen hours a day. He had to study. He had to sweat. He had to plan as well as plod. He had to learn how to handle men as well as matters. He had to solve problems for others — the problems of others formed part of his problem. He had to exercise initiative which called for courage. He had to shoulder responsibilities.

But he got there. He arrived.

To-day he is recognized as one of the foremost solvers of transportation and production problems on the Pacific Coast, as the man who ably understands the transportation needs of Far Western industry and agriculture, as the man above all others who unites railroad knowledge, traction

knowledge, electric knowledge and business knowledge, including oil.

He is president of all the Southern Pacific Company's multifarious electric and other traction interests, president of the colossal oil properties grouped under the Pacific Oil Company, the Associated Oil Company and many subsidiaries, controlled by Southern Pacific stockholders. He is the leading vice-president on the Coast of the Southern Pacific Company, working hand-in-hand with the able president of the road, William Sproule.

Although E. H. Harriman, the railroad "wizard," with his associates spotted Paul Shoup and placed him in a position where he had scope to exercise his initiative, his resourcefulness, his constructive ability, it would not be correct to say that he was "made," or even "discovered," by Harriman. Paul Shoup made himself. He started early and he is still devoting himself with unremitting industriousness to the process. He was fortunate in discovering when a mere lad that the best way, the only way, for a young man to make anything of himself is to apply himself earnestly, diligently, conscientiously to making himself useful to others, that to make headway in the world he must make the world indebted to him.

How did he set about doing this?

The Shoup family moved from Iowa to California because of the father's poor health, and Paul was born in San Bernardino on January 8, 1874. When, a few years later, the head of the house — he was a practising lawyer — died, the mother returned to Iowa to face the struggle of raising her five children. She helped to run a country store, taught in a rural school, and in other ways toiled hard. The climate and the associations of the Golden State, however, kept a'calling her, and she moved back to San Bernardino when Paul was fourteen.

The domestic conditions taught the children frugality, the necessity for working, the value of industry. But they also were imbued with the importance of education. At fourteen Paul was anxious both to earn money and to get a thorough schooling. He found a way: he became, first, route carrier for the *Los Angeles Express*, and very shortly he was acting also as the paper's local reporter. In the latter capacity he attained notable success. Thus he was able to go through high school.

He at once started to look for a full-time job. He got it, in the local mechanical department of the Chicago, Topeka & Santa Fé Railway. That fixed his career; he has been in the railroad business ever since. Only once did he waver. His

powers as a writer became so pronounced that at one time he was tempted to give up railroading for writing. He also became as proficient at photography as a professional — indicating that he did not fritter away his leisure in useless idleness.

Before reaching eighteen he won a clerkship in the local ticket office of the Southern Pacific. He immediately became interested in the handling of freight, and was soon made freight clerk as well as ticket agent. While in this position he applied himself — a la Carnegie — to learning telegraphy, and in due course became a telegraph operator. All this he accomplished before he was of voting age.

Other promotions followed rapidly. He contrived to find time to master shorthand, and for a brief spell he acted as stenographer to one of the officials. He got experience operating "motor roads." For a period he was assistant agent.

"I thought I was getting my own share of the money in the world when I was given \$90 a month and placed in charge of Sunset Route detail work in the general office at San Francisco," Mr. Shoup recently recalled.

And here we can catch another glimpse of the young man's energy, enterprise and acumen. He wasn't content to do the ordinary duties. He helped to create a publication to boom patronage

for the railroad. Thus was born the most famous of the West's magazines of to-day, the *Sunset Magazine*. Young Shoup was an editor, photographer, manager and everything else connected with the getting out of the publication. His writings for it were buttressed by many of his own striking photographs of mountain, stream, forest, field and factory. From a "house organ" it developed into a valuable property, and was sold after having very successfully served its purpose for fifteen years.

Mr. Shoup was only twenty-seven when he was made district freight and passenger agent, with headquarters in San Jose. Under his charge was placed all traffic on the Coast division. Here, in his first official position, he had scope to make a real mark. His activities were marked by such enterprise, by such originality, by such constructiveness; his judgment was so invariably sound; his courage was so equal to all emergencies; his diplomacy was so fruitful of desired results, that he attracted the notice of the general officers. Also, the people he served came to look upon him as an infinitely valuable aid in developing the resources of the territory.

Since every business concern and every business man prospers through rendering useful service, pointers may be derived, particularly by executives and salesmen, from what Mr. Shoup said to me



concerning the opportunities a station agent has for pleasing and helping people.

“One of the best positions in railroading for getting experience is station agent. The station agent,” Mr. Shoup pointed out, “comes into contact with every department — passenger, freight, operating, accounting, treasury, etc. Then, he is in contact with the public in a business way, with practically every business man’s affairs. He is on the firing-line more than any other man on the railroad. He has to learn how to handle people. He can help to develop local business and local industries.

“How? First, by taking a very earnest interest in the other man’s business and demonstrating that interest day by day. Show him, by action, that you are as anxious as he is to locate the car of freight he is eager to receive. He wants a reservation for some point: get it for him. A certain rate is injurious to his business; or he may reasonably want a rate changed for someone else because such change would help his own business: look upon yourself as his transportation agent as well as being the agent for your own company.

“I made a trip over the entire division every month and saw as many business men and patrons of the road as I could. During the shipping season of a commodity, I discussed things with the

shippers, trying to coöperate with them in solving their difficulties and seeking to find out if the road could serve them in any additional or better way. Some customers had canned goods to ship, others had dried fruits, others had green fruits — peaches, pears, apricots, plums, apples. If a rate to, say, Rotterdam was regarded by growers as too high to permit them to ship profitably, I would investigate and try to secure a readjustment. I would try to interest other railroad men and steamship people connected with the movement of the freight.

“Again, suppose a man was inclined to establish a new enterprise in our territory, and was not certain what freight rates to various points would cost him, I would coöperate with him, seek to remove all uncertainty, and, if need be, strive to have new rates established.

“The trouble nowadays is that action often cannot be given quickly enough, so complicated has the regulatory machinery become. The dual control of railroad and public bodies spells delay very often. Rate changes badly need to be made more responsive to the needs of business. Unfortunately, the more kinds of control we get, the more we put business into a strait-jacket and restrict that individual initiative and enterprise which have raised America to the level it has at-

tained among the nations of the world. Destroy individual initiative and things will not be done."

Mr. Shoup next enjoyed experience in the north coast end of the business. When thirty-one he was appointed assistant general freight agent of the Southern Pacific and O. R. & Navigation Company, with headquarters in Portland.

But his services were shortly to be requisitioned for the Pacific Coast's supreme emergency, the San Francisco disaster of 1906. He was promptly installed as assistant general passenger agent of the Southern Pacific, at headquarters. E. H. Harriman, then the dominating force in the railroad, had hurried by special train to San Francisco to do everything within his power — a very vast power — to help the situation. Apparently the work or the personality — probably both — of young Shoup had made a very favorable impression upon Harriman and his associates for they chose Shoup as the man to undertake extremely important and delicate negotiations and operations that Harriman's Napoleonic plans for the Pacific Coast called for. They doubtless analyzed Shoup as being something more than a practical railroad operator; they evidently saw in him a business man of ability and tact, resourcefulness and diplomacy, a business statesman.

Harriman was bent upon extending the Southern

Pacific's activities in the traction field, particularly in the way of the electric traction development of the State. And the company had other interests. Shoup was chosen to take hold of this situation and handle it under the supervision of the Southern Pacific's vice-president and chief counsel, William F. Herrin.

Paul Shoup thus became one of Harriman's right-hand men before he had reached the age of thirty-five.

It was a wide field. It offered room for the highest forms of diplomacy and business acumen. Its potentialities were practically unlimited. It called for the constant exercise of judgment. Here was, for a man in his early thirties, Opportunity with a capital O.

You need not be told, after knowing how he crammed his earlier years with studious endeavor, that Paul Shoup has fulfilled the highest hopes that had been formed of him. Every momentous project entrusted to him was carried through. He displayed unlimited faculty for accomplishing things harmoniously, for getting along smoothly with other people, for obtaining a fair and square deal from state and municipal bodies, for achieving results satisfactory alike to his organization and to the public.

To print a list of all the vice-presidencies and

presidencies which fell to his lot would require too much space. He is the directing head of many enterprises identified with the Southern Pacific throughout both Northern and Southern California and in Oregon, including, in addition to numerous city and urban and inter-urban traction companies and bus lines, the Associated Oil Company — which recently (1923) raised \$25,000,000 in New York — and the Pacific Oil Company, whose future, though it may unfold somewhat slowly, is regarded with unbounded optimism by some of the ablest financiers in California.

When I asked Herbert Fleishhacker, noted San Francisco banker and one of Mr. Shoup's closest friends, what qualities had brought Paul so impressively to the front — everybody on the Pacific Coast holds Paul Shoup in the very highest esteem — he immediately replied:

“ Paul Shoup is a man of rare tact. He is kindly. He is very scholarly. He goes to the bottom of every subject he becomes interested in. He is thorough. He is extremely painstaking. He has vision. He is always considerate of those he does business with. Then he is very retiring — one of the most modest men I've ever known. His extraordinary fund of knowledge and his practical ability, combined with his winning personality, command the respect and admiration of all the men

under him. He is the very opposite of domineering. Thousands of men call him Paul.

"I would repeat that he is tremendously thorough. This enables him to pass sound judgments—he is a quick, clear, penetrating thinker. And, of course, he is a very hard worker, an abnormally hard worker, in fact, rarely if ever taking as much as a week's vacation."

When I taxed Mr. Shoup with not taking enough recreation, he replied, with a smile: "I do take a day or two off once in a while and go fishing or hunting in the mountains. I don't feel the need for more, as I don't find work hard; I enjoy it. I'm not sure," he added, again smiling, "that I don't enjoy the difficult jobs more than the easy ones."

It may interest young men to learn that Mr. Shoup does not drink at all, that he has never smoked, and that he never finds it necessary to indulge in swearing—facts which he won't thank me for telling. Also, he is very much of a family man, spending most of his meagre leisure with his wife and three children at their home in Los Altos. One of his hobbies is Shakespearian literature.

When the government took over the railroads after America entered the World War Mr. Shoup was delegated by the Southern Pacific directors to look after all the corporation's interests, railroad,



traction, industrial, etc., on the Pacific Coast, President Sproule having for the time being entered the service of the government.

It was common knowledge in financial and railroad circles that Paul Shoup was the man some of the Missouri Pacific directors tried to get as successor to Benjamin F. Bush for the presidency of that road. But Mr. Shoup could not be wooed away from his life-long love. Nor is he likely to be induced to forsake his Southern Pacific in the years to come, for there still lie ahead, in the development of this company's colossal and diversified interests, enough problems and obstacles and objects to sustain his interest and exercise all his ingenuity. As Mr. Shoup sees it, the opportunities for rendering intensely worthwhile public service in developing the resources of the far-flung territory served by the Southern Pacific and its allied organizations will be greater in future than they have been in the past, so immeasurable are the prospects stretching before the Pacific Coast.

Mr. Shoup doesn't like quitters. He scorns backbonelessness. He admires men who stick to their course. It has been said that you should judge men more by what they do than by what they say. Yet what men say does sometimes help to illumine their character. I think you will agree

that a lot of human nature, and a sidelight on the manner of man Paul Shoup is, are revealed in this letter, written by Mr. Shoup to an employee's little son who had written telling him how he had been cruelly hounded by other schoolboys because his father had remained loyal to the company, in 1922, when a lot of railway workers went on an outlaw strike.

"SAN FRANCISCO, CALIF.,

"October 18, 1922.

"MY DEAR FRANCIS:

"You have had quite an experience quite young in life in finding out it costs some effort, and means a good deal of trouble, to follow the individual line of action against the sentiment of the people that are around you, simply because it is the right thing to do. As you go on through life, and as you study the lives of all men who have accomplished something in this world, you will find that invariably they have had to fight great opposition and very often strong persecution, but they finally succeeded because they were right, and eventually, when people find out what is right they uphold it. Most of the trouble in this world is caused by ignorance.

"It is a pretty good old world at that, however. Indeed, there would be no civilization if the people on the whole were not of pretty good material and desirous of doing the right thing. You know George Washington was merely a rebel in the eyes of the English and he had plenty of opposition at home in America among people who called him a traitor and a good many worse names. Some day, when you are older, you might read in one of the University

Libraries about the kind of opposition Abraham Lincoln met and what a great many people thought of him and the lies they told about him and the names they called him — even newspapers of standing and wide circulation.

“It is not what people at first think about a matter that is really important, but what they come eventually to realize as being right that really counts.

“You should be proud of both your Father and your Mother. I have no doubt your Father has had to take a great deal of abuse, but you must remember much of this is inspired by a secret feeling of defeat, and perhaps also of envy, and in their hearts these very men wish they had done as he has done. The men who went out on strike and returned to the service subsequently are not permitted to abuse the loyal employees and they know this, and that if caught at it they will have to find some other job. I dare say your Father understands all about this feeling and is not much moved by it. As time passes it will all disappear.

“You ought to be especially proud of your Mother. It is Mothers like yours who keep the world straight and make it worth while, and just from what you tell me of her, I think you are very much blessed and that you have someone to whom you can always go for the right kind of counsel.

“I am very much pleased, indeed, Francis, to hear from you.

“Yours truly,

“PAUL SHOUP.

“P. S. A famous writer on sports recently said ‘Only game fish swim upstream.’”

When I asked Mr. Shoup to tell something of his philosophy of life and to give, for the benefit

of others, some suggestions on how to shape a creditable career, he smiled and said, "Shakespeare summed it all up, as he summed up most things, in very few words:

‘ This above all; to thine own self be true,  
And it will follow, as the night the day,  
Thou canst not then be false to any man.’ ”

Mr. Shoup plainly wanted to escape, but as I had cornered him on a train which was still a long way from San Francisco, he could not get away. Not without some difficulty and some diplomacy was I able to induce Mr. Shoup to talk on this theme. Here are typical sentences dropped by him:

“ If you cannot square all your activities with your own conscience, it is hopeless to attempt to square them with others.

“ Without frugality and energy and honesty and integrity one cannot get anywhere.

“ All the scars on our character are self-inflicted.

“ Every genuinely successful business man and every really successful man in any other walk of life is honored and trusted and respected and loved. Any man who is not so regarded by his fellowmen is not a complete success.

“ Any man who commands all these things is an outstanding figure in any community. He is

the kind of man people turn to whenever any matter arises calling for mature judgment or, it may be, energetic leadership.

“There is far too much talk these days about making life easy. It is all right to take the pain and bitterness out of struggle; but were you to take the struggle out, there would be no adequate chance for young Americans.

“Child labor is a bad thing, but a child that is not taught to do any labor at all is little likely to succeed in after life. Every youngster should have tasks to do every day. Every boy and girl should be taught what work is even though their work may not be needed to help support themselves or their family. Out of this early training grows industry and the sense of application. Every young man should know what it is to earn money by hard physical labor. Such experience teaches him to understand better, and to have a higher respect for, those who have to toil hard all through their lives.

“The very highest cannot be achieved in any walk of life without sustained hard work. None of our greatest advances in science or literature or art has been accomplished on the basis of an eight-hour day. I early had to work — and it was the most valuable experience — fifteen hours a day. Unless a man has worked to the full extent of his

powers he cannot discover the full extent of his powers.

“ The greater the powers developed, the greater the self-confidence developed.

“ When you start a thing and are sure you are right, let nothing on earth switch you off your course. Don't use a club; patience and persistence are more helpful.

“ Too many young men to-day want to ‘get there ’ in a hurry, and become discontented and disgusted when they encounter obstacles and delays. On the other hand, I know one young man who called every day for five months upon a man before succeeding in putting a thing through.

“ Every time you give up you lose a little of your self-confidence. You slip back a little, so to speak.

“ Carry on. If you keep on going, you stand every chance of getting there. If you give up, you can't, of course, ever hope to arrive.

“ And then, not the least important consideration is to cultivate the habit of happiness and of radiating happiness among others. Any business that has not a pleasant and agreeable atmosphere is not a success, just as the home that is not full of happiness is not what it should be. Happiness helps to bring about and to maintain sweet and pleasant relations all round.”

In a recent talk to American youths, Mr. Shoup said:



“ Every high sign of progress in our day, and for that matter of every preceding time, has been created by *individual* constructive thought and work that knew no limit in time or toil.

“ One man may be worth to the world a million of his fellowmen. How, indeed, in units of men shall we determine the value of those who step by step found the way to turn night into day by the electric light; harness the falling waters of high mountains to make spin the wheels of industry five hundred miles away; or gave immortality to the music of the human voice; or transformed the air into an Aladdin's Carpet upon which we may ride; gave to each householder his own transportation system; and have made it possible to talk to audiences though scattered over thousands of miles?

“ Guard well this freedom of individual thought and individual action in which all progress has originated. Remember that development comes from within, not without. Mankind cannot think collectively, cannot, indeed, act collectively except under stimulus, in the beginning, of individual thought.

“ Your chief care must be to keep alive this creative individual thought and action, and keep open the pathways of achievement. For there is an old dogma abroad in the land, which carries the thought that the *division* and not the *creation* of

things worthwhile is the chief end of mankind, that the world is our debtor and that our chief business here is to collect the debt with interest, it being forgotten that in all history those have been found to be most worthwhile who out of themselves gave most to the world. Under this dogma all the old maxims as to industry, thrift, self-reliance, independence, so true that they are commonplace, have been discarded. Yet, more than ever, with all the world near-neighbors, these elements in character are necessary.

“ In all these new activities of earth and air, do not let sentiment disappear. Do not forget that the falling streams make music as well as power, that romance rides in the air, and that that which the radio carries is much more important than the radio itself. And when all is said and done, a world without love and affection is no world at all.”

Does not even this brief, inadequate picture of the career and the mind and the heart of Paul Shoup make you feel that he has deserved all the success he has industriously, unostentatiously, patiently, perseveringly won?

## HENRY M. ROBINSON

PRESIDENT, FIRST NATIONAL BANK OF  
LOS ANGELES

**W**HAT is there about California's climate? The first time I visited California I was being shown around by James G. Doyle, formerly a Chicago newspaper man but now an inveterate Pacific Coast citizen. We hadn't chatted half-an-hour when, the climate being mentioned, he remarked:

"This State surely has some climate. Two months ago an old lady of eighty came to California. She had to be lifted off the train, and couldn't walk without crutches. I met her yesterday whizzing along, driving a motor-bicycle, all rigged up with the latest cut of knickers. I wouldn't wonder if by now she has been nabbed for speeding."

Henry M. Robinson, at various stages of his life lawyer, newspaper owner, industrial magnate, financier, banker, underwent a not wholly different experience. He moved westward to California, a retired gentleman. He had accumulated



HENRY M. ROBINSON



a fortune. He had led a strenuous life. He was finished with work and with the active affairs of the world.

But lo! The climate of California took hold of him. It rejuvenated him. It gave him fresh pep. Ambition again began to course through his veins. He simply could not, pulsating with vigor and vim, sit down in a corner and become a back number. Almost against his will, he found himself eager to re-enter the arena of affairs. He did re-enter and has since been leading a wholly un contemplated second business life.

The Easterner who had retired at forty found himself, not many years later, directing head of one of the leading banking organizations in the whole West, an active factor in the vast development of the Southern California Edison Company, an influential force in such diverse fields as oil, telephone, railroad, metal, lumber, shipping, labor, coöperative marketing, etc.

Quite a list of different activities, is it not?

Mr. Robinson's whole career has been quite different from that of the majority of men who attain unusual success. When I told him that I planned to write a brief account of his life, he smiled, shook his head, and remarked:

"You've struck the wrong man. My career doesn't measure up to a single copy-book maxim or



a blessed one of the recognized rules for attaining success. I wasn't even born in poverty. I had a college education and topped it off with a course at law school. I didn't survey the whole world, choose one line of endeavor, and then stick to it with grim perseverance, determined to reach the top even if I had to hurdle the moon to do it.

"Business law has carried me into many fields, principally because when I was called upon to incorporate and organize a concern I immediately became interested in the purpose of its organization. I didn't follow Carnegie's advice to put all my eggs in one basket and then watch the basket. I have investigated and invested in many things and have done nothing Napoleonic in any one thing. At times I have worked day and night; but at other times I have taken life rather leisurely. I haven't been a slave to business; I have managed somehow to enjoy life very well as I have gone along. The copy-book says, 'If at first you don't succeed, try, try, try again.' While I have gone in for trying, it has not been limited to a few things — although I must say that Fortune has given me far more smiles than blows.

"So, you see, I am about the poorest specimen you could possibly seize upon to hold up to others as a shining example. I guess the only excuse I can offer to myself is that I have always tried to

do the thing that was in front of me — ‘ the thing as is ’ — and I have tried to do it as well as possible, I think because of an inherent curiosity to see how it would work when it was done and if that curiosity has continuously kept me in hot water, I am not altogether to blame, am I? ”

What Mr. Robinson didn't say was that, with the exception of one early, meteoric excursion into the realm of publishing, he has had a consistent record of ultimate successes in every field he entered, that in going through life he has made as many friends as dollars, that he is as popular in labor circles as in business circles, that he has contrived to render valuable services to his government, and that his second-chapter activities (so to speak) have done and are doing much for the development of the Pacific Coast resources.

Any man who can rise from a directorship in a small county bank to the dominating position in a powerful banking organization, increasing its resources from less than \$90,000,000 to more than \$250,000,000 in the space of three years, surely possesses talents of a very high order and can't possibly be left out of any series of character sketches of “ Men Who Are Making the West.”

Henry Mauris Robinson was born in Ravenna, Ohio, on September 12, 1868, of high-grade revolutionary and pre-revolutionary stock — this from

the fact that nine of his ancestors wore the Continental uniform, while his family records show that the same number of shipments of assorted ancestors reached American shores during the sixteenth century. His grandfather was a civil and railroad engineer who built the Pennsylvania and Ohio Canal, the Cleveland and Pittsburgh Railway and various parts of what is now the Erie Railway system. He also established the first bank in his native county, built the first glass works west of the Allegheny Mountains, and engaged in other successful enterprises. Mr. Robinson's father, on being released from Libby prison, after the Civil War, studied law with Luther Day, later Chief-Justice of the Ohio Supreme Court — whose son later studied law under Robinson père who sat on the bench in Ohio for thirty-two years.

At the local grammar school, at high school and at Western Reserve Academy (at Hudson, Ohio) young Robinson exhibited a phenomenal faculty for mathematics. And, as is not unusual with brilliant mathematicians, he finished at the head of his class, as did also his brother, Richard H. M., another expert mathematician who graduated from Annapolis. Henry was next sent to Cornell, where, it was reasoned by his family, he could use his aptitude for mathematics very advantageously as a mechanical engineer. He was never

held up by the professors as an exemplary student, however, for he found other things, including college life, fully as interesting as mechanical engineering.

Discovering that he had inherited a taste for law, he went to Youngstown where his father was holding court, and made such rapid progress that he was admitted to the bar by the time he was twenty-two. He became junior member of the firm of King, McVey & Robinson, one of the two firms that were offered all the choicest legal business in Youngstown.

Again Mr. Robinson found himself out of his element in court as a trial advocate. But business cases, any and all varieties of business problems, strongly appealed to him. This led him to master corporation law and to become connected with important business deals. Even the hardest of legal study and work could not absorb all his tremendous energies and vitality—and ambitions.

Among other things, he began to dabble in politics and became quite a politician in McKinley's home district. Figuring that newspaper support would be very useful, he and a friend bought the local Republican newspaper to make sure that he and his friends and party would get wholehearted support. It wasn't so very long before the opposition, an independent paper, went broke, and its plant was taken over.

Several Youngstown boys were then running the *Kansas City Star*, and Messrs. Robinson and Taylor (his newspaper partner) launched a new Kansas City evening paper in opposition. The oldest paper in the country, the *Boston Traveller*, was badly run down. Why not take it over? They did. Denver, St. Paul and St. Joseph were also invaded. Negotiations were opened for the purchase of the *New York Times*, then edited by George Tanner; but the aspiring youthful North-cliffes couldn't borrow enough money to swing the deal.

As a matter of fact, they had conducted their newspaper exploits on a shoe string, and when the country was plunged into depression by the Free Silver agitation, the string snapped, control of the various newspapers was lost, and young Robinson found himself \$88,000 in debt.

This experience, however, didn't kill his ardor. He worked even harder than before and was able to pay off his last dollar of debt in about two years. His prestige didn't suffer. He became president of the People's Trust & Savings Bank, and vice-president of the First National Bank, both of Youngstown, although he never actually worked behind any bank wicket.

At this time, the merger germ was making its appearance in the steel industry. When the



Moore brothers started to reach out for various companies, Robinson was selected to represent several of them. He had an active hand in the negotiations involving the American Tin Plate Company, the National Steel Company, the American Steel Hoop Company, the American Sheet and Steel Company (which later became the American Can Company), the Republican Iron and Steel Company, and others.

The money to be made in mergers appealed to the ambitious young man and he brought off a few mergers himself — all of which, by the way, turned out profitably for the others interested as well as for himself. These activities brought him into contact with leading New York bankers and lawyers, and in 1900, just before the final mammoth consolidation in the steel industry, the United States Steel Corporation, Mr. Robinson established offices in the metropolis. Here he prospered greatly.

Many a good tale Mr. Robinson can tell about the inside activities which culminated in the organization of the billion-dollar Steel Corporation. Here is a classic:

Henry Oliver, one of the picturesque figures in the iron industry and owner of a five-sixths interest in vast ore properties, sold what he called a "rattle trap rolling mill" to the combiners for



\$1,000,000. Although property-rich, Oliver was usually money poor. But this million-dollar windfall changed the situation, and some time later when Robinson went to the Waldorf on a business mission he found Oliver, with a number of cronies, putting on a champagne party. Now, nothing but champagne could be used as a proper means for the celebration, but, as the glasses were filled, the guests retired one after another, poured their champagne in the bathtub and refilled their glasses with plain John Barleycorn, in order to meet both the requirements for a proper celebration and to satisfy individual taste.

Some days later, Charles M. Schwab, learning that Oliver was in the city, came to see him. Without any preliminaries, Schwab told Oliver that J. P. Morgan had sent him to buy Oliver's ore properties. It was known that Carnegie had sold his five-sixths interest in the property at a figure which Oliver learned from a friend who had crossed with Carnegie the day after the deal between Carnegie and Morgan had been closed.

"What is your price?" asked Schwab.

"What do you suggest?" countered Oliver.

"I am authorized to pay you \$6,000,000."

Oliver did his best to conceal his overwhelming astonishment.

"What's wrong with my one-sixth interest?" he found voice to ask.

"Nothing," Schwab assured him.

"My information is that Carnegie got \$45,000,000 for his five-sixths. Why shouldn't I get \$9,000,000?" demanded Oliver.

Schwab explained that he had no authority to pay more than \$6,000,000 and that he would have to report back to Mr. Morgan.

Next day Schwab appeared and said Mr. Morgan would like to have a chat with Oliver.

Oliver told Schwab to explain to Mr. Morgan that while he (Oliver) knew all there was to know about the Scotch on sale up-town, the down-town Scotch was an unknown quantity to him, and as his main purpose in life was to keep close to a tried and trusted source of supply there was nothing to do but to deny himself the conference much as he regretted to do so. He added that at the moment he felt as great a liking for himself as he did for Carnegie, and that his price then, henceforth and for ever was \$9,000,000.

Schwab returned next day with the news that Mr. Morgan authorized the purchase at \$9,000,000.

Mr. Robinson's first connection with the West came quite early in his career. In 1894 he married Laurabelle Arms, of Youngstown, whose father had large interests in Idaho, Arizona, Colorado and other states, as well as in British Colum-

bia. Mr. Arms having died two years later, Mr. Robinson took charge of the extensive estate and managed it for ten years. This necessitated many visits to iron, silver, lead and other properties and brought him into direct touch with rail-roading.

Among other things, Mr. Robinson helped to put together the big Pittsburgh Coal Company, having previously become interested in both coal mining and coke-making.

As early as 1905 he became interested in timber lands in California. And, as was his habit, he looked around for merger possibilities. The result was the organization of the Pacific Lumber Company. Its organization entailed the raising of \$1,000,000, in Detroit, and it drives home the rapidity with which this country has advanced when it is reflected that this was the largest financial transaction Detroit had ever put through up to that time. Henry Ford now turns out more than a million dollars worth of cars every day.

It is time to pause in our recital of the multifarious enterprises Henry M. Robinson took part in, and to throw some light on the manner of business man he was, on his humane conception of how business should be conducted. In appearance Mr. Robinson suggests the artist, the musician, the scholar, rather than the proverbially

stern business magnate or ultra-dignified bank president. His hair is pure-white; he has kindly, radiant gray eyes; and he is much given to smiling.

The conditions he found in the Californian lumber camps of those days rather shocked him. The life led by the lumber-jacks was most uninviting. The environment was the reverse of ideal for the bringing up of children. The management, C. W. Penoyer, the new president, diagnosed, was more to blame than the men.

So, when Mr. Robinson became closely associated with Penoyer in the Pacific Lumber Company, at Scotia, Humboldt County, he backed Penoyer in ushering in new conditions. The writer was fortunate in meeting a man familiar with the history of this lumber camp, Donald MacDonald, and, in response to a request for a brief account of this illustration of the advance made in raising the whole tone, the whole life of Western lumber camps during the present generation, Mr. MacDonald kindly furnished the following intensely interesting and illuminating letter:

“When the properties which now comprise the Pacific Lumber Company’s operation passed to the present owners, Scotia was the typical sawmill town of thirty years ago, with its company-operated saloon as the only place of recreation

for the employees; no dwelling houses — just 'shacks'; no running water; no electric lights; no gardens; no sidewalks. Result: No self-respect on the part of the employees, no pride of home, of locality or of their employer. In the place of loyalty, hostility and suspicion held sway. Drunkenness was common; efficiency uncommon.

"The management realized very quickly that no enduring success could be reared upon such a foundation. They took up the task, not only of rebuilding the town, but of rehabilitating the organization, of implanting self-respect in the individual.

"A bank was started. Savings deposits of employees grew to about \$25,000 in six months — and then halted there. Several weeks of patient investigation finally developed the reason. The men were afraid to let the management know that they could save out of their earnings, fearing the company would reduce wages. A mass meeting of employees was called. The functions the bank was designed to perform in the community were carefully explained. The men were told that ability to save was an index to character, and that a man who was thrifty and saving of his own property could be usually safely entrusted with the care of the property of others, that the management wanted to know the thrifty and saving

ones in its organization, as it would be out of the ranks of the thrifty and the otherwise fit that men would be selected for promotion, thus giving their talents greater earning power.

“ In one week savings deposits increased to over \$70,000 and inside of two years they amounted to over \$300,000. During the World War the employees at Scotia — numbering about 1,600 — purchased out of their savings over \$500,000 of Liberty Bonds and War Savings Stamps, and to-day the savings deposits of these men amount to almost \$400,000.

“ A Volunteer Fire Department was formed. They drilled twice a month. Each member was paid 50 cents per drill and the company also paid into the treasury of the Fire Department 50 cents per man per drill, or about \$100 per month, which was to be used by the firemen for entertainment purposes. They held drill competitions with Fire-Departments of adjacent towns, gave picnics, balls, etc., and very soon the Scotia Fire Department had a waiting list of applicants for membership. No applicant is admitted until his fitness as a fire fighter, and otherwise, is properly demonstrated.

“ The company built a dancing pavilion capable of accommodating 600, provided a recreation park and a baseball diamond, and started a men's



club. It built a motion picture house seating 600, equipped with an electric player-organ.

"Seven or eight fraternal and benevolent societies sprang up, and the company furnished, free, a building suitable for their meetings.

"But the company does not manage any of these recreational facilities. Paternalism is entirely excluded. A Park Commission looks after the park and recreation grounds; the Fire Department runs the dancing pavilion; the moving picture house is handled by a Committee of Employees, selected from the 'Safety First' organization; the 'Fraternal Hall' by a committee selected from the membership of the organizations interested. The Men's Club is run by its members, who pay a small admission fee and monthly dues. The company furnishes the Club Building and furniture, water, light, heat, newspapers, periodicals, magazines and keeps the building in repair, all free of charge. Funds derived from admission fees and dues are used for amusement and social activities.

"Attractive modern bungalows have been built as homes for the men, with hot and cold running water, bathrooms, spacious gardens. And the housewife does her weekly ironing with an electric iron which costs her nothing for the electricity supplied from the plant power house.

" All of these things made for the contentment of the workers, pride of home and of their little town. The company could get labor when others couldn't and the standard of the labor was raised.

" Mr. Robinson backed a hospital association scheme which Penoyer incorporated into a non-profit corporation which belongs to the men and is operated by a Board of Directors composed of men selected from the organization.

" Mr. Robinson's great hobby has been the development of the human being in industry. He is opposed to all forms of paternalism, believing that paternalism destroys incentive and robs men of independence and ambition.

" Several years ago he and his associates worked out and installed at Scotia a scheme of Continuous Service Compensation, under which employees remaining a minimum of one year receive a percentage on their annual earnings. This percentage increases with each additional year's continuous service up to seven years. This plan has greatly reduced the labor turnover, has put a value upon every man's job which it did not formerly possess, and has stimulated loyalty to the company and a great interest in its welfare.

" These are just a few of the humane things done by a man whose chief aim in life is to increase men's usefulness to one another and to the community."

A writer in Collier's Weekly in 1913, in a description of the regeneration of Scotia, made this observation: "I walked into Scotia on a Sunday morning fourteen years ago, and I could see men under the influence of liquor in all directions — some of them completely overcome by it. I again walked into Scotia on a Sunday morning six months ago, and I could see well-dressed men with respectful countenances, pleasant and cheerful, and I afterward learned that practically everyone had a bank account. I could see bright, neatly dressed children coming from Sunday school; men and women going to church or on their way to visit their neighbors."

Incidentally, Scotia was so named because this section was first opened up by Bluenoses, from Nova Scotia.

Mr. Robinson still retains his interest in this fine enterprise. Apparently, it pays to treat workers considerately, for it is now the largest redwood company operating in America, its production having long since passed 100,000,000 feet a year.

After the first few years of this century the merger fever died down. Mr. Robinson consequently found himself less tied down to his headquarters in New York. In his bachelor days Mr. Robinson lived with another successful man who

later moved to California and settled comfortably at Pasadena. In 1906 Mr. and Mrs. Robinson visited him, and he was very eager to have them buy the adjoining site, a very attractive place. Although Mr. Robinson didn't say, "Yes," he shortly afterwards received a wire informing him that he had become proprietor of the place! The Robinsons accepted the situation good-naturedly, built a new home, and nothing has been able to wean them away from Pasadena from that day to this.

"I had no intention of jumping into active harness," Mr. Robinson remarked recently in recounting his experiences. "Mrs. Robinson and I agreed that the time had come for us to take life leisurely. I wasn't money-mad; we felt we had enough to live on in the quiet way our tastes inclined us."

But as told at the outset, the California climate so invigorated him that he couldn't live a wholly inactive life. Invited to become a director of a local bank, he decided that this would be congenial. That first step marked his fall!

A second, similar invitation was readily accepted. Being simply a director, however, didn't satisfy Henry M. Robinson. He and a friend, Tod Ford, acquired control and — of course — engineered a merger.

Los Angeles was only ten miles away. When the First National Bank of California, in Los Angeles, begged him to join its board, he couldn't resist. Banking had been one of his very early interests, in Youngstown, and he discovered that it had got into his blood. A directorship in the Los Angeles Savings & Trust followed. It was an easy step from this to the board of the Southern California Edison Company, headed by John B. Miller, with whom Mr. Robinson became closely associated. A lumber opportunity presenting itself, the gentlemen who had tried to retire again succumbed. The oil field likewise proved irresistible and, among other things, he became a director of the Union Oil Company. The important Title Insurance & Trust Company, in Los Angeles, annexed him to its board.

Although thus once again a man of many large affairs, Henry M. Robinson found that banking still tugged strongest at his heartstrings. Conditions arose which called for a strong man to take hold, and it was universally recognized that the ideal man was Henry M. Robinson. What followed was natural. On accepting the presidency of the First National Bank, his mind immediately turned to merger possibilities. He became head of the Los Angeles Trust & Savings Bank, now the Pacific-Southwest Trust & Savings



Bank, and created the First Securities Company. Within two years the reserves of the Robinson institutions increased more than one hundred and fifty per cent., to above \$250,000,000. His activities reached out to city after city, extending from Fresno to the Mexican border. At one stroke, in 1922, he acquired some twenty-four banks located in eighteen cities from Fresno south.

The Robinson institutions now constitute the strongest, the most powerful group in Southern California. Mr. Robinson personally conceived and actively directed all these colossal activities. He was and still is the very-much-on-the-job president of the three organizations, the First National, the Pacific Southwest Trust & Savings and the First Securities Company.

"Most bankers are just bankers," one citizen impressed upon me; "but Mr. Robinson is both banker and business man. We had no one here of quite his calibre and experience. He had been accustomed to handling huge propositions in the East and elsewhere. So he wasn't afraid to launch big things here. His legal knowledge enabled him to know exactly what he was doing. Then, his banking achievements gave him tremendous financial resources and power. His banks are based right. The money from the orange crop in January carries the early vegetables of the Im-



perial Valley; they in turn carry the peaches and apricots; then the raisins of the San Joaquin, and the beans and walnuts in their turn — and above all else the men that run his banks are really allowed to *run* them. Each bank stands alone until it needs help — then you'll find that Robinson has set up a little Federal Reserve System of his own. He hasn't been afraid to do big, constructive things — look how he has backed up Jack Miller in carrying out the most daring hydro-electric project ever attempted anywhere."

Only busy men, it is often said, find time to do things. The Council of National Defense, in the Summer of 1917, placed Mr. Robinson in charge of all community work throughout the United States. It was largely through his efforts that such men as Will Hays accepted leadership in this work in Indiana, Samuel Insull in Illinois, and C. A. Moore in California. Mr. Robinson afterwards was drafted as a commissioner of the United States Shipping Board, and became the right-hand man of Chairman Hurley.

After the Armistice, Mr. Robinson went to Paris as a member of the Supreme Economic Council, representing the Shipping Board. He was selected as one of the special Reparation commissioners. Along with Samuel Gompers he represented American labor at the First International Labor Confer-

ence. As Gompers was in the chair, Robinson from the floor carried forward the American legal position and prevented the attempt to set up a super-legislature for labor under the Peace Conference. His work was so well received that he, a banker — and from open shop Los Angeles as well — was asked to Atlantic City by the American Federation of Labor to aid in the presentation of the findings of the International Labor Conference. He was chairman of the Bituminous Coal Commission which settled the coal strike of 1920 and the findings of that commission are now considered basic.

At home, Mr. Robinson's public-spirited services have included the duties attached to the office of vice-president of the California Institute of Technology, regarded as perhaps the best school for selected students in the West. He is also trustee of the Henry Huntington Art Gallery and Library, the greatest collection of its kind in the world.

He has given full support and the backing of his banks to the development of cooperative marketing in Southern California; in fact, his has been the main guiding hand during the troublous times which overtook the Californian as well as most cooperatives after the collapse of the war boom. He has also taken a keen and practical interest in marine matters, and is one of those who have faith in the possibility of developing Los Angeles as one of the greatest ports of the Pacific.

Such is a brief outline of the man who declared that there was nothing in his career to write about! A man who lives up to Wolfe's analysis "A successful banker is composed of about one-fifth accountant, two-fifths lawyer, three-fifths political economist, and four-fifths gentleman and scholar, total ten-fifths — double size. Any smaller person may be a pawnbroker or a promoter, but not a banker."

Perhaps you will now readily agree, that a man who has played an important part in the development of national resources in the East, in the Middle West, and in the Far West, who has had virtually an unbroken record for successfully carrying through constructive achievements, who for his services abroad has received the decorations of three, and the thanks of four, governments, who has held the confidence of both Republican and Democratic presidents, who has made a comfortable fortune, and who has, at the same time, made an unusually large number of friends and earned the fullest confidence of labor, can fairly be regarded as having made a well-rounded success of his life.





MORITZ THOMSEN

## MORITZ THOMSEN

HEAD OF CENTENNIAL MILL CO., PACIFIC COAST  
BISCUIT CO., ETC.

**D**OES the Pacific slope offer opportunities matching those of the Atlantic seaboard in the Eastern half of the country?

These "Men Who Are Making The West" character sketches show that the West has made many big men.

The life story of Moritz Thomsen offers excellent illustration of this.

In view of the Pacific Coast's expanding relationships with the Orient, it is fitting that his career was for a time cast in the pirate-infested waters of the Orient, where, as a sailor, he underwent experiences of the dime-novel brand, including hair-breadth escapes on ships scuttled by Chinese cut-throats, encounters with man-eating animals, shipwreck, hardships and starvation.

Romance! Moritz Thomsen's long life is the very embodiment of romance, running the whole gamut of human experience, from boyhood poverty and blood-curdling escapades in youth all over the world to struggles as an immigrant laborer, farmer, merchant, and finally to triumph as a great constructive business magnate and the reaping of



a fortune running well into the millions — not so long ago he celebrated one family gathering by dividing his fortune equally among the members of the Thomsen family.

Having undergone sufferings which would have crushed a less resolute spirit before he himself got a foothold on the ladder, Thomsen has since found joy in enabling other ambitious young men to get the right start in life. And, incidentally, he has had the satisfaction of seeing more than one of his proteges blossom into millionaire business giants.

To this rugged ex-sailor the Pacific Coast owes not a little of its development during the last thirty-five years. His plants — flour mills, biscuit factories, candy factories, clay works, coal plants, etc. — dot the Pacific Coast, from the Canadian border to the south of California, and his activities extend even into Mexico. He is president of fourteen enterprises and influential factor in financial institutions, insurance companies and the like.

All this accomplished by one born (on July 28, 1850) to poor parents on the Danish-German border, in Schleswig-Holstein, then, and again since 1920, under the rule of Denmark.

“We had enough to keep us from starving, but not enough to live on,” Moritz says of his childhood years, as the third son of a family of eight. Young though he was, Moritz realized that there

were too many mouths to feed at home. So, before he was fourteen, he announced he would move to some foreign country if lent enough to pay his fare. The family treasury didn't contain the necessary amount.

That didn't stop Moritz.

He found a job on a small schooner as cook's boy at fifty marks (\$12.50) for the whole summer and the promise of a place on some ship which would take him to some foreign land.

"When I left home," recalled Moritz, "I carried all my belongings in a red handkerchief under my arm. My father thundered that I would never amount to anything, that I was bent upon becoming the black sheep of the family. Deep down in my heart I vowed that some day I would prove to them that I would amount to something."

At the end of the Summer, he was duly assigned to a ship bound for St. Thomas, West India Islands, a four months' voyage. He was given eight German dollars in advance, with which he supplied himself with a knife and fork and other inexpensive necessities. But he hadn't enough to get a mattress to sleep on or an oilskin coat for stormy weather or other direly-needed equipment. Returning at the end of four months, he received the balance of his pay, eight German dollars. By this time all his clothes and shoes and underwear, etc.,

had completely worn out, so he wrote home asking for a small loan. The reply he got was, "If you can't make a living at sea, come home."

Instead of returning home, defeated, he shipped for a Mediterranean voyage, this time at eight (German) dollars a month.

"But I still had no coat," he added.

"You mean no overcoat?" I queried.

"Overcoat! No! I had never seen an overcoat. The only thing I had ever worn on the upper half of my body was a blue flannel shirt."

Naturally, he suffered intensely from cold, through lacking the barest necessities of existence.

His star next took him to Lapland. There he was offered work in a shipyard at 75 cents a day. As he paid only 25 cents for room and board, he promptly started his first savings account. Not relishing the thought of spending a long, dark winter there, he again took to sea after four months. At Leith, Scotland, he shipped for Singapore, and on this long voyage tasted the gravest hardships. The food was not fit for dogs, the officers were brutal in the extreme. Young Thomsen and eleven other sailors decided to desert on reaching their port. They did.

Fearing arrest, they took to the jungle until their ship should leave. Day after day and night after night they had nothing to eat but pineapples,

cocoanuts and other jungle products, while wild animals roamed nearby as they tried to sleep in the open. Insects ate them almost to death. It was not an uncommon experience to be unable to open their eyes in the morning, so swollen had their faces become from poisonous bites.

Even that trying ordeal was as nothing contrasted with what was in store for him. Once, while in Oriental waters, his ship was stealthily surrounded one night by junks and a whole horde of Chinese pirates, armed to the teeth, overpowered the crew and battened them down in the hold. Then the pirates proceeded to loot the ship from stem to stern. This done, they carefully smashed holes in the ship's boats and wound up by scuttling the ship itself.

Realizing that they were about to be carried to the bottom of the sea, the imprisoned sailors battled furiously to fight their way out. The ship was rapidly filling with water before they could break their way through to the deck. Casting adrift the disabled boats, they jumped into the sea and, after desperate efforts, managed to cover the holes sufficiently to keep the boats afloat. For two days and three nights they drifted without any food or water. "It wasn't so bad being without food," Mr. Thomsen recalls, "but some of the men went crazy with thirst. Some of the scenes I then witnessed

I'll never forget. The happenings were indescribable.

"However, we finally landed on an island which we found to be Formosa. We were afraid, because of the natives, to move away from the beach. We all huddled close together on the beach at night for safety, and our only food was pineapples and bananas. At the end of nine long days and nights a British ship, happily, came along and took us down to Hongkong."

How would you relish being chased by a huge, hungry alligator? Thomsen's ship ran aground while threading its way up a shallow waterway in the Far East, and Captain Linholm ordered Thomsen and another sailor to get into one of the small boats and make a line fast to the nearest tree on the river's bank. The little boat also got caught in the mud, so the men started to wade towards the tree. A huge alligator rushed to attack them. Greatly scared, they sprang back into their boat.

The captain, more concerned, however, about preventing the destruction of his ship than about any alligator, ordered the two sailors to carry out his orders regardless of the danger. He shouted to them that they could dodge the alligator by suddenly and sharply shifting their course, as the alligator could not turn his neck without turning his whole body. Orders were orders, so the men again

plunged waist-deep in the mud. This time they effected their task. Incidentally, forty years later Mr. Thomsen visited Vladivostok to find a market for flour from his own mills, and on approaching one important dealer, was astounded to behold his old captain. At first, when Thomsen claimed acquaintance, the old skipper thought this was only a dodge to put over a sale, but when the ex-sailor recalled the alligator incident, Captain Linholm was convinced — and gave Thomsen an order for 200,000 sacks, an order which was followed by many others.

From the Orient, Thomsen shipped to the West Coast of Mexico. He was soon to have another thrilling experience. His ship ran into a hurricane which tore away all sails and, after hours of buffeting, threw the ship on its side. Water rushed in. Rudder, compass, charts, and part of the forecastle were swept away. The crew were thrown into a panic.

The mate called for a volunteer to undertake a feat which threatened death. Young Thomsen responded. With a line around him, he was lowered down the sloping deck, armed with an axe, to attempt to chop away the tall masts which were pressing the vessel down on her side. Thomsen, a veritable giant — he was and is a six-footer with tremendously broad shoulders — began to swing



his axe as never lumber-jack swung an axe. Mast after mast was severed and cast adrift. Finally, the ship righted herself.

But that was not to be the end of their troubles. The rudderless ship was tossed helplessly in the terrific storm. Seven feet of water had poured into the hold. The captain, who had turned freely to liquor to drown his worries, ordered all hands to the pumps. Not until the end of fifty-six days did they reach land, at Honolulu. So severe had been the damage that the ship was disposed of, as being beyond profitable repair.

Thus stranded without a ship, the resourceful youth was commended by the captain to a sail-maker as the man who had saved them all from drowning. He proved so adept as a sail-maker that he was paid five dollars a day. It didn't take him long to save enough to send a draft for 1,000 marks to his old folks at home. They had never seen anything of this kind before and weren't sure just what it was until the local grocer enlightened them. Moritz, evidently, was turning out to be not so very black a sheep, after all! Another thousand marks followed.

By and by, a ship having a Danish captain came along, and Moritz felt the call of the sea. A voyage lasting 192 days round Cape Horn brought him to Boston. His next service was under Cap-

tain Hoxey, from Bangor, Maine. This skipper saw possibilities in the able-bodied seaman and arranged to have him attend the Navigation School in New York. He was supposed to study for six months. At the end of four weeks, he asked to be allowed to sit for an examination as mate. The result was conveyed to him in the form of an imposing certificate ornamented by a dazzling gold seal. "I thought I was the biggest man in the world," Mr. Thomsen recalls, "when I took this certificate down and proudly showed it to Captain Hoxey.

"He signed me up as second-mate, and I was soon made first-mate."

Chief-mate Thomsen prospered. And he took care to tuck away a large part of his earnings.

Prosperity and the approach of the Christmas season turned his thoughts homewards after he had been away some ten years.

As to whether or not Moritz Thomsen had had the sailor's proverbial eye for a sweetheart in every port, the evidence points to the answer, No, for he had maintained correspondence with a lass of his own native neighborhood, at Tondern, and, although his ostensible reason for returning home was a desire to see his old folks, he cherished in his heart the ambition to induce his fair correspondent to cross the Atlantic with him as Mrs. Thomsen. She was the only person he informed, confidentially, of his coming visit.

Knocking at the door of his own home, he played the part of a stranger. He found his father sitting smoking, and asked him the way to a certain nearby place. In bounced his youngest sister, who had been quite a child when Moritz sailed away. She looked at him quizzically and then ran into the kitchen, shouting to her mother, "Mother, come and look at this fellow. He looks like our Moritz." He had been able to deceive his father, but his mother quickly recognized her long-absent son.

He successfully accomplished his matrimonial mission, Marie Nissen becoming his bride the following March (1875).

"I would like you to know her," Mr. Thomsen said to me in Seattle more than forty-eight years after that date. And I did. Her home, however, was a very different place from the home Marie Nissen came from. Yet, amid her palatial surroundings I found her to be as sweet and unassuming as she could possibly have been in her more humble environment.

Both the captain and chief-mate Thomsen took their wives on the next voyage from New York to the Canary Islands, but the ship was wrecked and lost. Thomsen sailed alone on his next long trip, but on his return he found his wife worn away to skin and bone. The moment he saw her, he told her with emphasis, "I'll quit the sea."

As a landlubber, the best he could find was a \$1.50-a-day job at the Nelson-Morris stock yard at Chicago. How frugally they lived can be gathered from the fact that in eighteen months they saved \$300 out of this wage. For \$700 he acquired a prairie farm in Iowa. Not only did he clear his own land and put it under cultivation, but he found time and strength to do similar work for less ambitious and less industrious neighbors. In less than six years he sold out for \$12,000.

He migrated westward, to Nebraska, and bought an established implement business. Fire later destroyed most of his store but he had accumulated a capital of \$16,000.

He resolved to move farther westward. At Salt Lake City he bought a few lots. From there he visited San Francisco, then Portland, then Tacoma, which was booming as the result of having become a trans-continental railway terminus. Knowing a grocer in Spokane, he decided to look over the prospects there. His friend told him, "If you want to go into business, I can put you in touch with a man who wants to build a flour mill." This man, George Pohl, painted a glittering picture of the flour mill project, said he was prepared to put up \$10,000 and that a banker (Dan Drumheller) was willing to invest the same amount, and that

Thomsen would be welcome to subscribe a third \$10,000 to start operations.

"I'll sleep over it," was Thomsen's reply. He at once proceeded to make investigations of his own. He checked up the facilities for obtaining wheat, the difference between the normal cost of wheat and the normal price obtainable for flour, the probable demand for the product, etc. Convinced that the proposition was sound, he arranged to furnish not \$10,000, but \$15,000 of the capital, and was duly elected president. The name chosen by the two partners, Thomsen and Pohl, was the Centennial Mill Company.

Young Thomsen applied himself to the flour manufacturing business with the same diligence and industry he had exercised in developing his prairie farm and with that inborn gumption which enabled the poorly-educated sailor youth to qualify as chief-mate while still a beardless boy. He was always first at the mill in the morning, just as he usually is the first to arrive at his office even to this day. He concentrated wholly upon this one line of business, determined to make it grow.

How did he succeed?

Within sixteen months he bought out his partner, paying him \$35,000 — a most handsome profit.

"Where did you get the money?" I asked.

Mr. Thomsen replied, "Oh, I had friends among

the bankers by this time. I assure you I didn't pay it out of my salary, for all I drew in salary was \$100 a month. But I made \$63,000 profits in the first year. The business has since then paid in dividends \$6,000,000 and has \$6,000,000 assets, with never a penny put into it except the first \$25,000."

The original output was 150 barrels a day from its only plant; the company's output now runs close to 10,000 barrels a day from mills in Seattle, Portland, Tacoma, Wenatchee, Ritzville, Sprague and Reardon, in addition to the original plant. At first only a local business was done; now it thinks nothing of shipping 80,000 sacks any day to Shanghai, while it has sent as much as 8,000,000 sacks of flour to China in one year. At the start it could store only a few carloads of grain; it now has storage capacity for 5,000,000 bushels. Purchases then were made in modest quantities; of late Mr. Thomsen has repeatedly ordered purchases of half-a-million bushels of wheat at one clip. The Centennial Mill, in fact, has become by far the largest consumer of wheat in the Pacific Northwest and also one of the leading fillers of pay envelopes.

For twelve years Mr. Thomsen engaged in no other enterprise. At the end of that time he had his flour business organized so efficiently and operating so profitably that he began to seek other



outlets for his tremendous energy, his unsatisfied ambition, his rapidly increasing surplus capital.

Among his early investments was some six acres of tide lands some distance from the built-up part of Seattle, to which city he moved his home. He had to use a rowboat to inspect this real estate. Many laughed at him when they learned that he had paid \$4,200 for it. His judgment and foresight, however, proved better than his critics'. He sold the property for \$500,000.

He built the biggest flour mill in Kobe, Japan, developed it into a smooth-going, profitable enterprise of great magnitude and then sold it to Japanese people.

He purchased a large tract of timber land from the Canadian Pacific and entered the lumber business on quite a scale.

He became interested in a large brick plant which, Mr. Thomsen enthusiastically declares, "makes the finest paving brick in the world."

He is interested in the importation and distribution of coal.

It became proverbial along the Pacific Coast that whenever any enterprise was heading for the rocks, the best man to turn to was Moritz Thomsen. He earned a widespread reputation for being able to take hold of a tottering concern and infuse

into it new life, sound business principles and adequate financial resources.

Said a representative of one of the two leading investment firms on the Pacific Coast, in discussing Mr. Thomsen with me quite recently: "Pacific Coast bankers are willing to get behind anything Moritz Thomsen takes hold of. They know his record. He has tackled several hard propositions, some of which took him several years to lick; but he never thinks of being a quitter. He sticks until he finally has the profits coming in satisfactorily. Nobody's name is in keener demand as a director."

Here is one notable illustration of this phase of the intrepid ex-sailor. The Pacific Coast Biscuit Company, a rather important concern operating factories in a number of large cities, was threatened with bankruptcy some years ago. Its collapse would have thrown many men and women out of work, would have meant grievous loss to many stockholders and might have affected certain banks. Moritz Thomsen was appealed to.

Already master of the raw material end of biscuit-making, his investigations convinced him that the enterprise could be salvaged. He acquired control — the stock was then going a-begging at \$15 a share — and threw himself whole-heartedly into his new task. To-day the Pacific Coast Biscuit

Company is doing, in its twelve factories stretching from San Diego to Spokane, the largest biscuit and candy manufacturing business west of the Rocky Mountains and is exceeded in size by only two biscuit companies in the whole country. Its shares have increased in value more than 700 per cent. Mr. Thomsen's only son — Charles M. — he has three daughters — took a particular liking to this business, devoted himself eagerly to mastering it, and is now, at thirty-four, vice-president.

"What was a water-logged affair," commented Mr. Thomsen, "has turned out to be a gold mine, and what is as gratifying to my point of view, it is affording my son a chance to show what he is made of. When he would hear me giving an order for a half-million bushels of wheat for our flour mills, he used to remark, 'Dad, this business is too big for me to tackle yet awhile.' The way our biscuit business is growing, however, he will soon become accustomed to half-million-dollar deals — we sold \$11,000,000 worth of biscuits and candy last year."

A venture in Mexico has not *yet* turned out so well. Mr. Thomsen was induced to become interested in acquiring 350,000 acres there, with a concession to build 450 miles of railroad to connect Acapulco, on the Pacific Coast, with Mexico City.

At one stage he went to London and arranged to sell out at a figure netting a profit of \$3,000,000. But, after the initial deposit was made, trouble broke out in Mexico and the deal was never consummated, with the result that the railroad project has cost and is still costing a lot of money for upkeep, etc. President Obregon, however, repeatedly assured Mr. Thomsen that the Mexican Government will do the right thing as soon as conditions permit. So this venture may also be crowned with what is now often called "Thomsen luck."

But can such a succession of successful achievements be attributed solely to luck?

When I quizzed Mr. Thomsen as to the reasons, in his own opinion, why he had been so successful, he immediately replied, with a chuckle, "Perhaps because I had no education. If I had spent my youth and early manhood at college, maybe I would have ducked the hard work which I had to go through. And I rather think it was this early habit of hard work that had a good deal to do with what followed."

Then, he added: "I'll say this for myself. My word has always been as good as my bond. If I borrowed \$10,000 and said I would pay it on the sixteenth of next month, I showed up on the sixteenth. I have always done business on the square. I have always tried to keep in touch with the people

in my plants. I would just as soon go round and have a chat with the fellow sweeping the floor as with the manager.

“Most of the young fellows in America to-day have one hundred — yes, one thousand — per cent. more chance to succeed than I had.

“I have always believed in making an early start in the morning. Even now, I usually sign for the foreign cables which come in the first thing every morning. I find it no harder to be president of fourteen corporations than it was to be president of one. How? It is largely a question of bookkeeping, of getting everything down to figures. I think we have bookkeeping down to a science in all our plants. I get an exact statement from every company every day.

“One very important thing is to watch your costs. Whenever I see costs rising suspiciously, I get busy to find out the reason why. Through our thorough system of bookkeeping, I can keep tabs on every blessed thing that’s going on. The bigger a company grows, the easier it is to run, because you can hire men of superior capacity as managers and can have all your records kept in apple-pie order. For example, in our cracker business, I didn’t like the quantity that was being broken. By improving the system of checking up, a saving of \$12 a day was made, in one plant alone.

“ The way I have things organized and systematized, I find time to sit down and think.

“ Running a big business or a number of big businesses gets down pretty much to finding the right man for the right place — and as I said before, keeping books. I am always on the lookout for talent. When a young fellow comes to me, I ask him all sorts of questions to try to find out what he is likely to prove best fitted for. If I give him a start, I let him know very plainly that he must be willing to begin at the bottom and work hard. I train my own managers. Whenever I place a man in any kind of responsible position I say to him, ‘ Before you sign a check for \$5 or \$5,000 be sure you get value in return for the money.’

“ I believe I have as loyal a lot of men as you could find in the country. But they know that they have got to make good. If, after having been given every chance, a man fails to run his part of the business at a profit, I fire him, and give some other fellow a chance. Some men simply haven’t any faculty for making a business pay. Others have. There is only one thing to do with fellows who can’t make money: get rid of them. They are misfits where they are.”

Like a great many other employers, Mr. Thomsen would give a great deal of money to find a workable profit-sharing plan, one which would



pan out satisfactorily in bad times as well as good times. "I would give \$100,000 to-morrow to be shown how to run my factories on a profit-sharing basis," he declared to me. "People who work for you should share in the profits. But so far it seems to be the case with every plan that has been tried that it is all right when profits are being made, but a flat failure when you have losses. Some day, maybe, some fellow cleverer than I am, will be able to work out an ideal system. I wish he would show up soon."

I heard of several instances where Mr. Thomsen gave younger men financial backing to start them in life. Some time before the war he went on a note for \$12,500 for one man to start in the coal business. When the war broke out Mr. Thomsen gave him some pointers on how to get into the export trade. Before the war was over the same man came and showed Mr. Thomsen his bank statement. He was \$1,300,000 to the good.

Not long since Mr. Thomsen advanced a modest sum to a young man who was eager to get into the logging business. Inside of twelve months, not only was the money repaid, but the young man had laid the foundation of what promises to become a very comfortable fortune.

In other cases, Mr. Thomsen has extended financial assistance to individuals or concerns threat-

ened with disaster, has supplemented his financial assistance by managerial coöperation and has thus been the means of turning threatened failure into success for all interested.

Mr. Thomsen's main hobby is his business. He particularly enjoys looking well ahead and trying to reason out how things will develop. "You must study human nature as well as figures," he told me, "when you are trying to analyze what other people are likely to do under given circumstances."

Few men along the Pacific Coast, from Mexico to Canada, have done more for the development of business in that country than Moritz Thomsen. He would be the first to admit, however, that he has not been governed by any altruistic purpose of developing national resources, but that he has been governed strictly by sound business considerations. Yet, isn't this the most solid basis on which a nation's resources can be developed? If an enterprise isn't good business, it rarely is good for the nation.

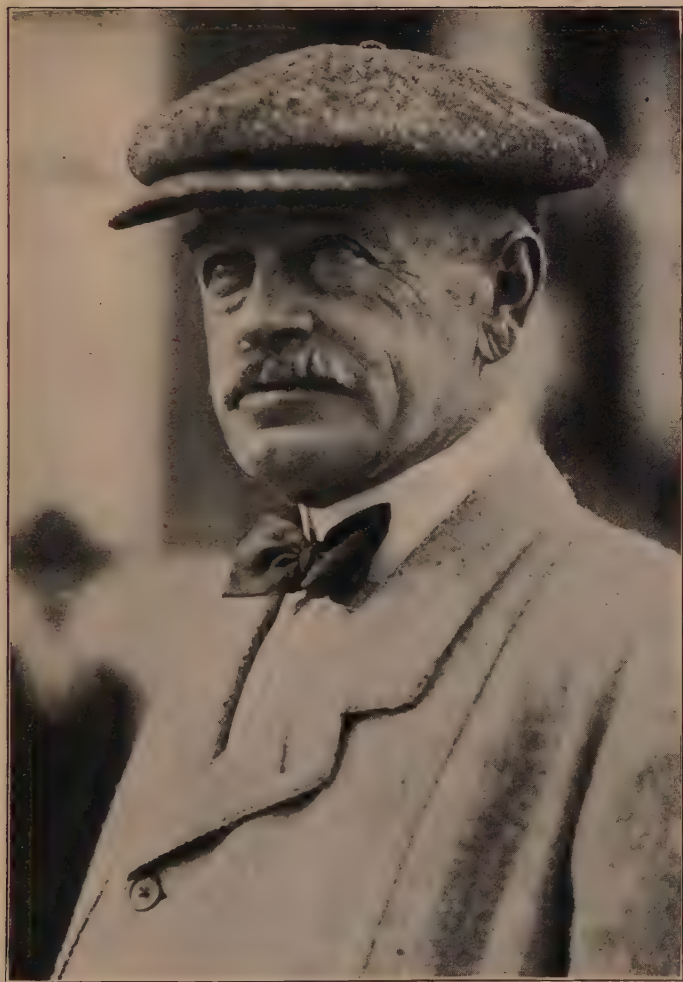
I confess that I contracted greater admiration and liking for this bluff, hearty, sturdy, old sailor-turned-business-giant than results from most of my intimate contacts with business and financial magnates.

P.S. — In the fulness of time the "black sheep" brought every member of the family to the New World and placed them in comfortable circumstances.

## HARRY W. CHILD

HEAD OF YELLOWSTONE NATIONAL PARK'S  
HOTELS AND TRANSPORTATION,  
RANCH OWNER, ETC.

“OUT WEST, if he has an honest face, red blood, hard muscles and courage to go to it, a man can always get backing without a dollar of security. Almost any bank, as well as many individuals, will have enough confidence to lend an able-bodied, aggressive fellow a thousand dollars to give him a start. If you go to Wall Street most of them down there want you to hock everything tangible you have and your soul as well, before they lend you \$20. That's one difference between the kind of people we have in the West and the kind you have in the East, in Wall Street. We once read in our Western newspapers a statement by the late J. P. Morgan that character counted more than collateral with him in granting loans. That was really Mr. Morgan's way of doing business, for he was a great big, broad-minded giant, but it certainly isn't the way many of the fellows in the Wall Street district do business.



HARRY W. CHILD



“Out in God’s country, among the glorious mountains, the vast plains and the invigorating air, we place more importance upon men than we do upon money. We live and let live. We haven’t colossal operas and theatres and Great White Ways, but we get more fun out of life, more joy out of human companionship and sociability than can be got out of your New York stuffy-atmosphered amusements. We get genuine thrills by getting up at sunrise in our bracing atmosphere and either tackling a stiff day’s work or going fishing or hunting or other outdoor sport.

“The place for a young man is out West, not in the thick of a city’s bedlam. Out West the atmosphere isn’t full of the grasping, money-making, scheming spirit. One man’s hand isn’t eternally turned against another’s, as you see in the huge marts of finance and trade, where gold seems to be the only god and cut-throat competition the rule of the day. Instead of constantly trying to down the other fellow and get the better of him, out West we give him, rather, a brotherly greeting and, if necessary, a helping hand. We live a saner, healthier, more rational, more friendly life altogether. We may not be so near to millions, but we are nearer Nature — phew! what a contrast between what you sometimes call the ‘Wall Street Canyon’ and the Grand Canyon and other



canyons in our country. As you squeeze through between the man-made steel and brick walls that hedge in Wall Street you feel suffocated, whereas out with us you have room to breathe, and better air to breathe, too.

“When I come East, they are usually scrubbing the floors when I get downstairs in my hotel in the morning and there is nobody on hand to serve breakfast. You city people use the wrong end of the day. You can do more work and you can get more fun out of doing it in sunlight than in electric light; or, if you are after exercise, your city’s facilities are not one-two-three with what we have out West — riding, fishing, game hunting, rowing, sleighing, skating, anything you want either summer or winter, all in the open, all healthy, leading to no ‘morning after.’

“It’s a curious thing that out in our country a man can get through four times as much work as people can do in the East or in any other low-lying parts of the country. Our air out in mountainous Montana and Wyoming and all through that section of the country contains so much more oxygen, so much more verve, and is so much more invigorating that you can accomplish hard tasks and keep on accomplishing them week after week without ever getting the slightest bit run-down, provided, of course, you are not a fool and take

a decent amount of sleep. At one stage of my life, years ago, the Mayo brothers of Rochester told me that if I didn't go back to my out-of-door life in Montana I would very soon go into a box.

"Here's one funny thing I have noticed. I know lots of your Napoleons of finance and your captains of industry in the East, men who are supposed to be so darned busy that they haven't a moment to spare when at their daily grind. But I notice that whenever I pop my nose through the door of the office of any of these fellows, they immediately push back their chairs and seem eager for a good, long chin-chin. In fact, very often I am greeted with some such remark as, 'I'm glad to see you. Sit down. Let's enjoy half-an-hour of the West, and let me forget all this stuff on my desk.' They really seem mighty glad to pull their nose away from the grindstone for a while. And the funny thing is that when they make up their mind to do it, they seem to have all the time in the world to do it.

"I have come to the conclusion that a lot of this hustle and bustle and fuming and sweating of your big men in the cities is all bunkum. They do it because they have got into the habit of doing it. They don't need to do it, and some of them are wakening up to the fact that they're blamed fools for doing it. I have had lots of them in

hand out West and shown them what real life and living is like.

“What in thunder are millions of dollars good for if a man has to become a slave, and be cooped up inside four cramped, stuffy walls in order to make his millions? There’s nothing in it. It’s a fool’s game. There’s more to life than money. There’s more to life than business, and mighty little to life when a man lets business take complete possession of him and drive him around as if it were a tyrant and he nothing but a slave. Out West, any able-bodied fellow who is willing to work can make all the money he needs, and make it, too, without selling his soul or ruining his health.”

Thus speaks Harry W. Child, owner of probably the largest ranch in the United States, who knows both the Eastern half and the Western half of the country; who knows from experience what it is to start life in rocky Montana as a poor man and knows also what it is to be a rich man, who knows Wall Street and other millionaires just as intimately as he knows the rough-and-ready miners who used to be his pals and the cowboys and tenants who look after his agricultural empire. *The whole of Manhattan Island could be set down on his ranch, with enough land left to conduct large-scale operations.*

Sometimes half-a-million dollars' worth of cattle roam his vast range, and he never thinks of selling or shipping less than a whole trainload at a time. If he decided to take a stroll round the boundaries of his farm, it would take him about a week!

Being head of one of the world's biggest farms, — the Flying-D ranch, told of in Charles Anceney's life-story — is not enough to keep Harry Child busy. When Yellowstone Park began to attract thousands upon thousands of visitors, the Government commissioned him to take in hand the transporting of the tourists over its 3,350 square miles. This business grew until he owned some 800 horses and employed 500 rigs. Then, to get into step with the times, he disposed of all his horses and rigs and installed 150 eleven-passenger automobiles. His organization, the Yellowstone Park Transportation Company, handles 1,000 to 2,000 people in a day with clockwork smoothness.

So well did Mr. Child perform this work that the Government later asked him to take over the running of all the seven hotels in Yellowstone Park. And here again he demonstrated that he could do things on a vast scale. The Secretary of the Interior's Department at Washington, in an official report, eulogizes Mr. Child's achievements and adds: "That service should have been

so uniformly satisfactory is especially worthy of note, because both the hotels and camps had great difficulty in securing and keeping sufficient competent help to operate their several plants."

Even these colossal activities could not yield a full outlet for this early-rising Westerner. In his early days he was in the mining game — of this more later — and he still retains an interest in mining properties. He buys and sells cattle by the thousand. He has a mania for building roads and erecting ideal homes as well as barns upon which he bestows as much artistic care as if he were building a home for a prince — his blooded cattle and horses are to him kings and queens.

He is constantly staking young fellows, ambitious to launch out as farmers and cattle raisers and, as a consequence, has what he calls "partners" by the score. These partners range all the way from young stalwarts owning nothing but their health and their hands to financial, industrial and railroad leaders who have contracted a fondness for the open life of the West and a fondness for Harry Child.

Although it is not generally known, it was Child, by the way, who was responsible for President Roosevelt having contracted the lion-hunting fever which led the late President to penetrate into the wilds of the Dark Continent of Africa and



into the jungles of South America. When Roosevelt decided, nearly twenty years ago, that he needed a complete rest from the harassing affairs of state, he hied himself West, placed himself in the hands of Harry Child, and said, "Now, show me a bully time, away from telegraphs and telephones and cities and people."

Child did. He conducted the eager huntsman into a veritable paradise of wild game of all kinds, where Roosevelt hunted and shot and rode and trekked and fished and swam to his heart's content. It was all so bully, this being cut off completely from effete adjuncts of civilization, with all the paraphernalia of a big game hunter, that Roosevelt there and then confided to Child that as soon as he had laid down the burdens of state, he would betake himself to the remotest and wildest region of the globe, and there indulge to the full his passion for that primitive, adventurous mode of life. Incidentally, the forests and mountains which first cast their spell over Roosevelt have now become "Camp Roosevelt."

Mr. Child is famous as a host, as a curer of the blues, flabby muscles, thin blood and other woes and diseases which overtake denizens of cities. By rail or by car they troop to Yellowstone Park and put themselves into his hands and under his orders. Somehow, notwithstanding all his multi-



farious responsibilities and duties, he is never rushed, never too hurried to give matters his personal attention, and he delights to map out a health-reviving program for individuals or groups who come to him to have their anaemic complexions chased away.

Robert H., otherwise known as "Bob" Davis, the writer and sportsman, originally hailing from the West, describing this phase of Mr. Child's make-up said: "Every year this man, out in Helena, Harry W. Child, the president of the Yellowstone Park Transportation Company, has the same yearning to go camping that a letter carrier has to take a walk. He is a little more elaborate in his methods, however. He never starts until the hotels in the Park system are about to close—somewhere about the last of September. His first step is to get three of the largest trucks on the system and go from hotel to hotel on a closing-up expedition. He generally starts at Mammoth Springs, where he takes on four or five tons of food. Then he goes up to Norris, where he grabs a couple of cooks; at Old Faithful he sweeps up half-a-dozen waiters; at the Geyser he grabs not less than ten tons of ice; at the Lake he cleans out all the vegetables and fruit and delicacies that have not been devoured by the tourists from the East. In his triumphant march,

he grabs all the good horses and tents and portable ranges that are fit for service. Von Hindenberg going through Belgium was nothing compared with Harry Child raiding his hotel system for camping paraphernalia.

“ One year he took Sam Blythe and Will Loeb and myself with him. The cavalcade that crossed the Gibbon and the Fire Hole and went on down into the Madison looked like a mob of land stampeders piling into virgin territory. The first stop we made was at Grayling, a beautiful little suburban post-office which has since been taken over by the Montana Power Company and now lies under fifty feet of water. We pitched our tents in Red Canyon, three miles distant from the town site. We had thirty-one horses, five wranglers, two cooks, six Japanese waiters and enough grub to feed Coxey's army going and coming.

“ Harry, known along the frontier as ‘ Harry Hardup ’ for the reason that he owns only a young empire of land and 30,000 head of stock, ordered up a pitcher of lemonade and superintended the laying out of the camp site. As soon as night falls, Harry eats three trout, a couple of elk steaks, drinks another quart of lemonade, smokes another box of cigars and climbs into the hay. If the fishing is good and there is a wind behind him, he trots down to the river, makes a dozen casts

(the higher the wind the better), picks up a few fish and comes back to his canvas chair.

“As soon as we got comfortable in Red Canyon, Harry unrolled a large map of the State of Montana and suggested thirty or forty other places that he thought were better. His whole idea of camp life is to get away from the spot where he happens to be. When Harry Hardup is finally tucked away into the mold and a large marble slab is erected over him, a voice will roll forth exclaiming: ‘I know a better place; let’s move.’ But he was the noblest host in the world. He had a passion for running water; a nose for trout and grayling; a sort of sixth sense that enabled him to drop a fly in the right place. Harry can handle a Rainbow better than any man I ever saw — in the stream or on a plate.”

Mr. Child’s working motto is: “What’s worth doing is worth doing well.” A man of artistic tastes and ideas, he employs the finest architects obtainable not only to design and supervise the construction of the homes which he is always building for tenants and partners and employees on his ranch and other properties, but he is just as fastidious in the matter of choosing designs for stables, barns, gateways, bridges, lawns, flower beds, etc., etc.

Building is one of his hobbies which costs him

many thousands of dollars. Everywhere the most scrupulous cleanliness is observed both outside and inside. No waste, or dirt, or rotting wood is allowed to lie anywhere throughout the Child domains. The health authorities of New York, or Chicago, or San Francisco would have no hesitation in O.K.ing the milk coming from the Child Shorthorns. His cattle, as they say in Montana, are "shaved and shampooed." Another remark a Westerner made to me was this: "When Harry Child builds a house, or even a barn, on a mountain side, it always looks as if the Lord had placed it there. It fits so ideally into its surroundings."

This rugged Westerner will breakfast at four or five o'clock in one state and lunch 150 or 200 miles away in another state. He can ride like a cowboy, sometimes covering 60 miles between sunrise and sunset. He can tool reins with the skill of a coachman, and though a bit loathe to take up automobiling, when he did start he became an out-and-out enthusiast.

Not so long ago Mr. Child drove his own car on a 6,000-mile tour from National Park to National Park stirring up interest in a movement to construct good roads to link up the nation's pleasure grounds so that automobile tourists can "See America first" in comfort. A Government

report declares that a road improvement campaign led by Mr. Child in the State of Montana "was probably as successful as any similar campaign ever undertaken."

He is throwing the same characteristic vigor into making our National Parks accessible and attractive to the whole population as he has thrown into developing his own agricultural empire, for having seen all that is worth seeing in Europe, this true-blue Westerner declares that our own country can dwarf the finest scenery of the Old World. Why, therefore, he asks, should Americans spend a billion dollars of good American money every year flocking to Europe when they can be better entertained and discover scenery of greater grandeur at home?

It is wholly fitting that this Westerner should have undergone exciting experiences in the pioneer mining days and mining camps of what then was truly the wild and woolly West. Born in San Francisco sixty-three years ago, he was sent to West Newton, Mass., to prepare for Harvard, but before he was nineteen he decided that he would rather become an asset than a family liability. He took a job in a wholesale clothing house in Boston. This, however, was too tame; so he took a steamer to the Isthmus of Panama homeward

bound — there were no trans-continental railroads in those days.

About the most exciting sport in San Francisco then was trading and speculating in a variegated assortment of securities, some of them not particularly secure. Why not start a regular Stock Exchange? Young Child boomed this idea and became one of the foundation members of the San Francisco Stock Exchange. He did well; but in course of time the speculative fever died down and Child sought pastures new. Off he set for Montana, where he had an uncle in the mining business.

Before he was thirty, Child, thanks partly to his education but thanks still more to his courage and ability to hold his own with the none-too-gentle adventurers who infested the mining regions in those Vigilante days, had fought his way up to the position of general manager of a coal, lead and silver mine, located twenty-five miles from Helena.

All went well for a time, as the property was producing large quantities of valuable bullion, which was being stored for the opening of the first railroad (the Northern Pacific) from Montana to the East. But the millionaire owner of the mine failed to supply money for wages. The 2,000 miners were very patient and continued on



the job until the company owed them no less than a quarter of a million dollars in back pay. Then they became desperate.

The millionaire New York banker who controlled the mine had sent his son out to learn the mining business, and the miners, laying their heads together, decided to kidnap both him and General Manager Child, throw them into the mine, and hold them as hostages until the back pay was forthcoming. Sure enough, one day in the middle of winter, when the snow was about twelve feet deep, they effected the capture, told the two victims that they would never come out of the mine alive unless every dollar of unpaid wages was forthcoming in good, solid gold or bills, and without further ado, lowered them into the mine and set an armed guard over them.

Child did a lot of quick and serious thinking. Asking one of the armed guards to request the ringleaders to come and talk with him, Child explained how utterly impossible it was for him to do anything about procuring the money so long as he was held a prisoner. If they would let him go to Helena he would do his best to raise the money by hook or by crook.

The ringleaders, having always found Child on the level, saw the force of his argument and

decided to let him go to the city, although they cautioned him that if he tried to double-cross them he could depend upon it that a bullet would shortly find a billet in his head.

Child immediately saw the Chief Justice and the Governor of the State, explained the situation, impressed upon them that the 2,000 miners would brook no nonsense and no police interference, and expressed the fear that if the authorities made the slightest move to arrest the ring-leaders, the millionaire's son would immediately be shot.

The only thing to be done, it was decided, was to get the Western Union to connect Helena with New York by wire ~~and~~ hold it open so that Mr. Child could discuss the predicament with the millionaire. The banker almost fainted on learning the fate of his son. Some means must be devised for placating the miners and securing the young man's release immediately.

Within twenty-four hours the quarter of a million dollars was telegraphed to Mr. Child.

Gathering the money from the local banks — the men had given warning that they would accept no checks, that they preferred gold, but would take part in regular paper currency — Mr. Child started off in a sleigh to cover the twenty-five miles. Before he had gone far, his suspicions

were aroused, and he decided to take a round-about trail to reach the mine, a trail he had never before used. And it was well he did, for he discovered later that not one but half a dozen hold-up parties had sneaked away from the mine determined to waylay him and decamp with the treasure!

The men were duly paid, the hostage delivered up, and the glad news flashed to the troubled parents in New York.

Mr. Child stayed right on the job and loaded, with lead and silver bullion, the first train that ever pulled out of Montana for the East.

His success in handling this difficult situation won him wide fame, and he was soon engaged in building a \$2,000,000 smelter at Great Falls, Montana, for Boston and New York capitalists. This venture was very successful and was finally purchased by the famous Guggenheim brothers, now rated as among the most wealthy families in the world.

Notwithstanding that robberies, hold-ups and other crimes were rampant in the seventies and eighties, no one, either white or Indian, ever attempted to cross Harry Child's path. He earned the reputation not only of acting squarely, but of being able to take care of himself. This reputation actually saved him from ever having

to use or carry a gun through his whole mining experiences.

“Easterners seem to have a code of ethics which is entirely different from our code out West,” said Mr. Child. “We try to win our wealth from the soil, from mines and from oil wells. You Easterners, in the cities at least, try to win your money from one another. We don’t want another man’s money. We would rather help a fellow to make money than scheme to get away from him any money he may have made. I’m not a preacher and I’m not your goody-goody sort, but I hope I am something of a real sportsman, and I swear I can’t see how a lot of men in business can get any fun out of trying to snatch the fish another man has hooked, or grab the game another fellow has brought down.

“Think how much more satisfaction there is in making your living by tilling the soil and raising wheat or oats or other foodstuffs for your fellowmen, or raising cattle and sheep and pigs which help to sustain the nation’s families. And isn’t the man who develops a mine or an oil well more of a man and a very much more useful citizen than hordes of fellows who try to make money by all sorts of schemes and speculations designed to get money away from other people without doing anything to earn it? There’s no

satisfaction in life that could beat the satisfaction you get from building up something useful, discovering and developing natural resources, and all the other constructive activities we go in for in the West.

“Both in the way we earn our money and in the recreation we enjoy, I claim that we are far ahead of city people and that we live more healthy and more rational and more enjoyable lives.

“You may reply that only in large cities can you find the finest music, the finest pictures and the finest art of all kinds. Let me tell you that all the good music in America is not confined to the Metropolitan Opera House in New York or the operas in Chicago and Boston. We have as fine pianos and organs and other instruments as are to be found anywhere. And while we may not have Paderewskis or Carusos, we have lots of real artists and, what is more important, a great many of us learn to play well enough to get genuine pleasure out of it. In the cities, as a rule, the people are only listeners, just as when you go to a baseball match you do nothing but look on. Out West, we go in less for listening and more for trying to do things ourselves.

“And talk about pictures! I’ve seen all that you have to show in your art galleries and I’ve also seen the most famous galleries of Europe.

But let me tell you that out West we have finer pictures than were ever put on canvas: we have the real thing. You only have them on canvas; we have them in actuality. You only have artificial reproductions. We have the real goods. Has any painter ever succeeded in putting on canvas some of the glorious colors and tints and shades that we have in Yellowstone Park, in Yosemite and elsewhere? When some of our geysers play and some of our hot springs become active, the sun plays upon them in such a way that colors are produced which no painter could ever hope to depict.

“ I have devoted a great deal of my time and energy — as well as a few dollars — to turning the tourist tide away from Europe and towards the unmatched scenic beauties of our own lands, particularly out West. Don't imagine that only the well-to-do or leisured classes visit our National Parks in automobiles. A great many skilled workmen come along in their small cars, and my talks with them convinced me that they will be among the best rooters in the country for ‘ Seeing America first.’ I make bold to say that no man could visit the beauties of our national pleasure grounds without raising his patriotism to enthusiasm-point. It's such a pity that so many Americans are ignorant of what they possess right here



at home — for every National Park is just as much the possession of the workman as the millionaire, and the time is coming when workers will flock to them by the millions.”

I discussed with a number of Westerners the reasons for Mr. Child's unusual achievements. In addition to the ordinary qualities we usually associate with success, they impressed upon me that he is so expert a student of Nature that time and again he has done things savoring of wizardry. For example, he would send a wire or telephone to his representatives at some distant point telling them to drive the sheep and cattle off a certain mountainside and get them down near the farm buildings immediately. Hardly would this be done when a terrific snowstorm would hit that part of the country. Or, he would be riding or driving through some uncultivated section and would there and then diagnose that a fortune could be made by growing some particular crop on that soil. Sure enough, he would get busy and garner rich profits. Oftener than once, too, he has had a “hunch” that oil, or, it might be, metals, could be discovered at certain points — and made good in a large way.

“Harry Child has got so close to Nature that she seems to have revealed more of her secrets

to him than to the rest of us," remarked one of his Western neighbors.

Said he, when I probed him: "Wizardry? Shucks! Whatever I know has come from trying to keep my eyes wide open and all my faculties tuned up to concert pitch. I have always acted on the motto that, to get up in the world, a man must get up in the morning. Then, when you get up, get busy. Observe as well as work. By constantly keeping your eyes wide open, in time you learn to see things that the other fellow doesn't."

"From what I am told, you keep something else besides your eyes open — your heart and your pocket," I remarked.

"The man who doesn't," he shot back, "is a fool."



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